

Employment Issues and Challenges in Post-Katrina New Orleans

Harry J. Holzer and Robert I. Lerman

In Hurricane Katrina's aftermath, several hundred thousand former residents of New Orleans and the Gulf Coast lost their jobs. No doubt, many of these people have already or will soon find new jobs on their own, either in New Orleans or elsewhere. But others will need help managing their transitions back to the labor market. If the rebuilding of New Orleans is undergirded by sound labor market policies, many could upgrade their skills, obtain better jobs, and raise their incomes.

Many New Orleanians had trouble becoming and remaining employed before Katrina. As of 2004, the city's unemployment rate stood at nearly 12 percent, over twice the national rate. While blacks represent over two-thirds of residents of New Orleans, the overall city unemployment rate was 20 percent higher than the national unemployment rate of all

black workers. Poverty rates of individuals in the city (at 23 percent) were 10 percentage points higher than the national average in 2004, and median family incomes were only two-thirds of the national average (Bureau of the Census 2005).

The precarious employment status of New Orleans residents before the storm at least partly reflected their limited educational attainment and cognitive skills (Glaeser 2005) and the concentration of jobs in lower-wage industries. For example, nearly 13 percent of workers in the city of New Orleans were employed in the relatively low-wage food and accommodations industry, compared with only 9 percent of all workers nationally. Total service jobs represented 26 percent of all jobs and paid an average of only \$8.30 per hour. At least partly, these figures reflect low wages in

Long before the onslaught of Hurricane Katrina or the chaos of evacuation, New Orleans' social infrastructure was failing. News coverage of the overcrowded Superdome and the city's flooded streets exposed the poverty and vulnerability of many residents, especially African Americans. As New Orleans begins to rebuild, can the city avoid the mistakes of the past, instead creating more effective social support for low-income and minority residents? Innovation and experience from other U.S. cities offer promising strategies for reducing the risks of poverty and opening up opportunities for economic security and success. This essay is from an Urban Institute collection that addresses employment, affordable housing, public schools, young children's needs, health care, arts and culture, and vulnerable populations. All these essays assess the challenges facing New Orleans today and for years to come and recommend tested models for making the city's social infrastructure stronger and more equitable than it was before Katrina.

New Orleans' tourist trade.¹ As of December 2004, wage rates paid in New Orleans averaged \$16.76 per hour, about 7 percent below the national average and 18 percent below the \$20.39 average paid in Houston (but about 10 percent above the average paid in Mobile, Alabama). Industries such as shipping and oil and gas extraction, fixtures of the New Orleans employment scene that pay above-average wages, accounted for relatively little employment when the storm hit (Glaeser 2005).

Other factors probably reinforced the effects of poor skills and low-paying jobs for New Orleanians. For instance, racial segregation in the New Orleans metropolitan area was among the highest in the South in the 2000 Census (Frey and Myers 2005).² Residential segregation by race is usually associated with low levels of employment and earnings among blacks (e.g., Cutler and Glaeser 1997). And rates of crime and drug abuse in New Orleans were among the nation's highest as well. Indeed, even compared to other large American cities, New Orleans was a city with declining employment and population over the past several decades.

Obviously, the labor market *disadvantages* that New Orleans residents experienced before Katrina are now compounded by *job displacement*. Typically, most workers return to employment after being involuntarily displaced from their jobs, but sometimes after long spells of joblessness and usually with a significant loss in wages. Average displaced workers lose 15 to 20 percent of prior earnings once reemployed—commonly more if they are older or less educated (e.g., Jacobson, LaLonde, and Sullivan 1993, 2005; Kletzer 1998).

But the massive displacement of workers from New Orleans is quite atypical. Huge numbers of people have lost their jobs, and much of the social and physical infrastructure on which labor markets are based—including

neighborhoods (with their information networks), transportation systems for commuters, and schools—has been damaged or destroyed. And the *residential displacement* of up to 1.5 million people (Louisiana Recovery Authority 2005) intensifies the difficulties associated with job displacement alone.

The twin problems of labor market disadvantage and job/residential displacement pose serious challenges for former New Orleans residents, regardless of their current and future locations. Still, sensible labor market policies might alleviate some of the recent losses workers have suffered and perhaps ultimately improve their pre-Katrina job status. The opportunities resulting from reconstruction may be especially valuable in upgrading many workers' skills. Indeed, successful labor market interventions to help former and returning New Orleans workers could spur attempts to remedy labor market displacement or disadvantages.

Below we review some of the short- and longer-term challenges and uncertainties involved in tackling labor market issues in rebuilding New Orleans. These are presented along with some policy proposals for addressing them. The needs of those returning to New Orleans are considered, along with those of working-age adults who chose to remain or who chose to go elsewhere.

We will argue that, for fairly modest public expenditures, the labor market disadvantages of many current and former residents can be addressed, and their long-term employment outcomes improved.

The Post-Katrina Labor Market: Uncertainties and Challenges

Developing sensible responses to any policy problem usually requires a sense of the nature and magnitude of important underlying trends in the area. But, in New Orleans' case, many

of the most basic parameters of the city's new labor market remain highly uncertain.

- *How many and which workers and their families who have left New Orleans will return?* Presumably, the answer will depend on such individual factors as the strength of family ties, the return migration decisions of other family members, the extent of damage to their homes, and whether those homes were owned or rented. The overall pace and magnitude of the recovery effort will no doubt influence individual decisions as well.
- *What percentage of workers who return will ultimately be able to get their former jobs back, and when?* For many individuals, the return decision will be based on the availability of their previous jobs or new ones; but job availability will itself depend on the regeneration of the local population and economy. Workers' incentives to take new jobs will also be limited for those receiving Unemployment Insurance (UI)—or Disaster Unemployment Assistance for the self-employed—at least for the six months that eligible workers can receive these payments.
- *How will the employment needs of these workers differ between the short and longer terms?* Will tens of thousands of public-sector jobs be needed in the short run if the returning population begins to outpace job generation? And if private job availability grows over the longer run, what additional supports and services will be needed for local residents to get these jobs, especially those that pay somewhat higher wages?
- *How will displaced workers' labor market difficulties vary by group?* Will the need for assistance be much greater for those

returning to New Orleans than for those remaining in other areas? And how will the needs of middle-class displaced workers differ from those of residents who were disadvantaged to begin with?

One key uncertainty is the level of public and private job creation needed to reduce the unemployment generated by Katrina. The labor force of the New Orleans and Biloxi metropolitan areas was about 750,000 in August 2005. According to the U.S. Department of Labor, over 500,000 individuals have already filed new Unemployment Insurance claims as a result of Katrina. Replacing jobs for all of them would require the equivalent of more than three months of healthy job creation for the entire country.

Fortunately, new Bureau of Labor Statistics (BLS) data from November 2005 reveal that the task may be less daunting.³ BLS counted nearly 900,000 people of working age (16 and over) who at least temporarily evacuated their homes because of Katrina but were not in shelters or hotels. Of these, about 442,000 had returned home by November. Not surprisingly, unemployment (at 27.8 percent) was much more common for the group still displaced than for those who had returned (at 12.5 percent) in November. The overall employment-to-population ratio for the evacuees was about 44 percent at that time. By our calculations, about 169,000 jobs would be required to raise this displaced population's employment rate to the national average of about 63 percent.

A third figure, based on employment losses between August and November 2005 from the BLS payroll surveys, shows declines of about 30,000 jobs in Mississippi and about 200,000 jobs in Louisiana (Bureau of Labor Statistics 2005c). These figures would suggest a loss of 230,000 jobs in two directly affected states. Some jobs may have returned since

then, and some who held these jobs may have found work elsewhere.

Ranging from about 169,000 to 500,000, estimates of the number of jobs needed in the short term vary greatly. We view 169,000 as conservative, since the BLS surveys might still have missed many potential workers in shelters or hotels, while 500,000 is an upper bound, since at least some individuals filing for UI might have already gone back to work.

Ironically, the high level of unemployment among current and former New Orleans residents seems to coexist with a high job-vacancy rate in the city. To date, relatively few workers have returned to New Orleans, despite the high number of job openings there now (Roig-Franzia and Connolly 2005). Much of the available low-wage labor seems to be provided by immigrants. The short supplies and high costs of available housing probably deter many former residents from returning. The daunting nature of the incipient cleanup and the slow pace at which schools have been reopened and utilities fully restored have no doubt compounded these problems. Uncertainty about federal support for rebuilding, especially for reconstructing and fortifying the levees that protect the city, further slows the return of both workers and jobs. And the wisdom of investing large sums in a city that was already declining and that remains vulnerable to future storms has been widely challenged (Glaeser 2005; Hahn 2005).

Even if the rebuilding were faster paced, employment recovery in New Orleans would be limited by some characteristics of the U.S. workforce policy system—at the local, state, and federal levels. Our U.S. public workforce system is funded and organized mainly through the Workforce Investment Act (WIA). Funding across WIA's three streams—for displaced workers, adult workers, and youth—totals over \$3 billion per year. Local Workforce Investment Boards (or WIBs)

allocate this money in response to local labor demand; local “One-Stop” offices provide services to workers, including Unemployment Insurance, job search, job counseling, and job training.

The WIA system is limited in the best of times and probably cannot meet New Orleans' daunting challenges. Its institutional capacity and funding are so limited that it would take all funds available for all displaced workers nationally—roughly \$1.5 billion—to provide about \$5,000 worth of employment and training services to each of the Gulf region's several hundred thousand displaced workers. Funding aside, the system has been plagued by limited worker participation and limited employer knowledge and interest (O'Leary, Straits, and Wandner 2004).

More important, how can a system organized around local labor markets deal effectively with the special situations in New Orleans, Biloxi, and other Gulf Coast areas? The jurisdictional issues are problematic. The New Orleans WIB and One-Stop centers are at best in operational straits right now, and much of their former workforce has left town. Meanwhile, One-Stops in Baton Rouge, Houston, and other cities remain viable, but their funds can't be stretched to cover the large numbers of Katrina refugees. These systems are likely to be overwhelmed by those in need and unable to coordinate services in the many storm-tossed local jurisdictions.

These uncertainties and limitations must be kept in mind by those considering policy options, both for the shorter and longer terms.

Policy Approaches for Different Types of Employment Problems

Dealing effectively with the problems of worker displacement and disadvantage in post-Katrina New Orleans requires reviewing what is known about cost-effective approaches to employment and training programs.

For displaced workers, job search assistance has generally proven to be helpful and cost effective (Kletzer 1998). The evidence on job training for this population is somewhat more mixed, but some community college programs have yielded high social rates of return, especially for jobs in nursing and other high-demand fields (Jacobson et al. 2005).

For the disadvantaged, job placement assistance from labor market intermediaries, such as “temp” agencies, can cost-effectively improve access to available jobs, especially those paying above-average wages (Andersson, Holzer, and Lane 2005).⁴ Public service employment can raise short-term employment for groups with the weakest job prospects and can have long-term impacts on earnings when combined with significant work supports (as in the Supported Work program for welfare recipients—see Gottschalk 1998 and Ellwood and Welty 2000).

Remedial education and job training have generally been more effective for some disadvantaged groups, such as low-income adult women, than for others (especially youth). But the type of training matters too, with community college-based credentials and links to the local labor market appearing the most effective (Holzer and Martinson 2005). Various kinds of private-sector training—including apprenticeships and sectoral programs—are also promising (Conway and Rademacher 2004; Lerman 2005).

Over the longer term, employment opportunities depend not only on workers’ skills but also on the nature and quality of jobs available in any locality, as well as on the access of less-educated workers to these jobs (Andersson et al. 2005). And worker access depends at least partly on the location of housing relative to jobs and on transportation and information networks that link the two (Ihlanfeldt and Sjoquist 1998).

Given these findings, efforts to help workers displaced because of Katrina should include the following mechanisms:

- job placement assistance, through public or private intermediaries;
- publicly funded employment, along with apprenticeships;
- education and training efforts more broadly;
- economic development activities that address the long-run quality of jobs as well as workers’ skill levels; and
- coordination of employment, housing, and transportation initiatives.

Short-Term Options

At least initially, the effort to improve employment among former New Orleans residents should focus on placing them in jobs—especially in open private-sector jobs or in new cleanup and rebuilding jobs. As experience to date in New Orleans shows, some attention must be paid to housing and transportation as well, even in the short term.

Job Placement Assistance: The Role of Intermediaries

Special efforts to help link workers and available jobs, both in New Orleans and elsewhere, can be fairly quick and low cost. While worker interest in low-wage cleanup efforts might be minimal (perhaps one reason why immigrants have done most of this work so far), higher-wage jobs in cleaning up and rebuilding should be made accessible to former New Orleans residents, *regardless of where they are currently located*.

Given the limited geographic reach of local One-Stop offices, temps or other intermediaries might be needed to reach displaced workers and to link them to available jobs. These intermediaries are

especially important given the disruption of informal job networks and other private activities that usually match workers to jobs; and they will be particularly valuable to less-educated and lower-income displaced workers, whose knowledge of the labor market and transportation options might be particularly limited. Intermediaries skilled at communicating with employers and understanding their needs might also be able to overcome the racial discrimination that low-income minority job-seekers might otherwise face.⁵

Furthermore, billions of private dollars will probably be spent cleaning up and rebuilding homes and businesses. At a minimum, public workforce boards should use private intermediaries aggressively to contact the private firms that will be doing much of this work. Beyond that, to the extent that public subsidies might help finance these efforts, requirements that current or former New Orleans residents be hired might be considered, as we discuss below.⁶ And, as the local private economy and employment begin to recover, active use of intermediaries to help place returning residents into jobs should continue.

Intermediaries also need to be funded and encouraged to help place those who stay in Houston, Baton Rouge, and other localities in better-paying jobs. So far, the U.S. Department of Labor has announced a partnership with Manpower Inc. to give workers access to services, either directly through Manpower or through various One-Stop offices, and to expand the number of job counselors providing one-on-one counseling to hurricane survivors.

Public Employment and Apprenticeships

Recovery funds—likely in the tens of billions of dollars counting private and public money—will soon be increasingly available

for cleanup and early reconstruction. In the latest emergency supplemental request by President George W. Bush, nearly \$1.6 billion would go to the Department of Housing and Urban Development to restore housing units for low-income families and to build and repair basic neighborhood infrastructure, while \$2.4 billion would go to the Department of Transportation to repair and rebuild highways, air traffic control towers, and Maritime Administration assets.

Outlays of \$10 billion over the coming year for employment could supply 169,000 jobs paying \$40,000 in salary and \$20,000 in other costs for a year. For this sum, the entire lower-bound estimate of lost jobs would be replaced in ways that contribute to the rebuilding process. Even if many of the workers taking such jobs hailed from outside New Orleans or Biloxi, this infusion of money should create local jobs in other occupations and industries.

To ensure that at least some of the cleanup and rebuilding jobs go to former residents of New Orleans, the federal government could offer incentives to promote their training and hiring by contractors—through some kind of tax credit for payroll expenses, for example—without generating huge delays. Or it could require private contractors who receive public funding to list job vacancies with workforce boards in the locales where workers will be needed. Quotas to fill some fixed percentages of these jobs with displaced workers are another approach,⁷ though removing barriers to hiring and training former residents may be preferable because it will provide more flexibility and more long-term improvements in their earnings.

Also, publicly funded temporary employment should be generated in sectors beyond those involved in the cleanup and rebuilding of the physical infrastructure. Basic social needs, such as child care and health services, must be met with public support in

the short term. Many jobs with limited skill requirements will be created this way, and these should be made accessible to those now displaced in the manner described above.

The large number of construction jobs and other high- and medium-skill positions pose a significant opportunity both to provide short-term jobs and to give many workers valuable training and work experience. One option is helping employers expand apprenticeships: the valuable credentials earned this way can have lasting effects on workers' earning potential. Some modest added funding to the Department of Labor's Office of Apprenticeship Training, Employer, and Labor Services could yield significant dividends as staff help employers establish apprenticeships that parallel those in many current programs.

The public-funded reconstruction effort is the most obvious home for an apprenticeship program. The curriculum and standards developed by the National Center for Construction Education and Research (NCCER) might be used to encourage training during reconstruction. The NCCER curriculum is modular, allowing workers to transfer completed units to other programs throughout the country. Public dollars might subsidize the school-based component of learning in these programs as well as in traditional union apprenticeship programs.

Other initiatives to train disadvantaged workers can also be implemented in the short run. For instance, the Department of Labor has already agreed to dedicate about 4,000 new slots to the well-respected and broadly successful Job Corps. In addition, the Department of Labor is providing more than \$100 million in additional funds to states to cover training and access to temporary jobs for workers affected by the hurricane.

A few other points deserve mention here. For one thing, many of the disadvantaged who will return to New Orleans suffer from

multiple disadvantages. These include not just limited skills and work experience, but also—among low-income youth and adult men—criminal records. These men have great difficulty becoming employed, at least partly because employers fear that they might harm customers or coworkers and steal property. But those employed in publicly funded reconstruction jobs will pose little threat to public safety. Therefore, enterprises and agencies that receive public funding should not be able to discriminate against those with criminal records—and Equal Employment laws forbidding racial discrimination more generally should be very strictly enforced.⁸

Finally, the fact that housing cost and availability have already limited the supply of workers in New Orleans in the short run implies that housing policies must be part of any effort to promote employment in New Orleans, even in the near term (see Housing and Transportation below).

Longer-Term Options

Over the longer run, rebuilding New Orleans' labor market creates an opportunity for policymakers to upgrade returning New Orleanians' workforce skills and also to improve the quality of jobs available in the city. Coordination of employment initiatives with housing and transportation policies is also critical for ensuring that labor market opportunities are available to poor and minority residents.

Improving Worker Skills and Job Quality

Apprenticeship programs in construction and new Job Corps slots might be part of a larger initiative to upgrade the job skills of some disadvantaged workers in New Orleans, such as low-income youth and adults (Center for Law and Social Policy 2005; Pennington 2005). For young people, high-quality occupational training in high schools (through

Career Academies, apprenticeships, and the like) and easier access to community colleges and other postsecondary schooling might make sense (Kazis 2005). For adults, key local sectors (e.g., health care) for job training could be targeted; more generally, local employers could be asked to develop training schemes and “career ladders” that permit less-skilled workers to start working right away but have the chance at training and upward mobility (Holzer and Martinson 2005; Osterman 2005). Local One-Stop offices in New Orleans and other communities with large numbers of Katrina refugees would have to gather data on local job openings and communicate their findings to job seekers as well as training providers as part of any such reforms.

Earnings supplements and supports (like child care) will also be needed to assist workers trying to advance in the labor market. Reaching those once behind bars might require building education and training into prisoner “reentry” initiatives by linking recently released offenders with available programs and jobs, and helping them deal with their child-support obligations.⁹

Since low-income workers’ earnings depend heavily on the quality of available jobs and workers’ skills, some recent reports (e.g., Louisiana Economic Development Council 2004) have called on state and local government to attract and support the development of new skill-intensive industries in Louisiana. The extent to which such state and local economic development policies have been cost effective in the past remains unclear (Bartik 2003), along with whether any such effort now would succeed.

On the other hand, state and local governments in the Gulf region might do more to provide information and technical assistance to employers who try to upgrade the jobs they offer by providing career ladders and other advancement opportunities to less-educated workers. Government might also

target tax credits for businesses offering incumbent worker training and various credentialing programs. Meanwhile, state and local WIBs could encourage cooperation and new institutional arrangements among training providers, local industry associations, and intermediaries. And rigorous evaluations of any such efforts should also be included.¹⁰

In this way, the rebuilding effort in New Orleans and the Gulf would become not only an opportunity to improve the long-run earnings capacity of disadvantaged residents there, but also a laboratory for effective training and economic development policies that could be implemented elsewhere.

Housing and Transportation

As the housing stock and public transit of New Orleans are rebuilt, *housing and transportation efforts must be coordinated with efforts to regenerate employment* for the disadvantaged. (See the *After Katrina* brief “Building a Better Safety Net for Vulnerable Populations” for more on new housing and transportation policies for New Orleans.) But, to better connect housing and jobs so that disadvantaged workers have greater access than they did before the floods, state and local WIBs must actively inform local housing and transportation authorities where jobs are. Rent subsidies and new options to promote home ownership may be needed to expand job access too. Other policies, like subsidizing car ownership among displaced and low-income people and helping them get and use employment information, might be considered as well (Waller 2005).

Bush Administration Proposals

Apart from the initiatives mentioned above, what has the Bush administration proposed to date, and how might these proposals tie in with the initiatives proposed here?¹¹ The administration’s main employment and

training proposal so far calls for the creation of “Worker Recovery Accounts,” or vouchers, in the amount of \$5,000 per worker to cover all expenses related to child care, transportation, and education or training. If those with accounts find jobs within a certain time period and before they have fully spent the funds, then they can keep what is left over as a “reemployment bonus.”¹²

Employment vouchers might be one way of funding these kinds of long-term training opportunities. But under the Bush plan, many of the disadvantaged who did not qualify for Unemployment Insurance or Disaster Unemployment Assistance because they lacked pre-Katrina work experience will not be eligible for the accounts. Even among those who are, \$5,000 per person may not cover the kinds of training proposed above, especially on top of other qualifying expenses. And vouchers may be inefficient for individuals with limited employment knowledge and experience, unless carefully guided by intermediaries more familiar with skill needs and service quality.

As for the U.S. Department of Labor’s emergency grants to Gulf Coast states to provide temporary jobs and training, so far the sums are very small.¹³ Also, the Department has sponsored some web sites where employers can list jobs in New Orleans or elsewhere. Yet, successful labor market intermediation requires somewhat more active assistance to the displaced than access to a web site. We hope the Department expands on these initial efforts soon by funding more active job placement efforts as well as in-depth training.

Conclusion

On the one hand, the challenges involved in securing employment for those displaced by Hurricane Katrina are quite daunting. On the other hand, with moderate amounts of funding

(e.g., \$10 billion or less), the New Orleans labor market could be rebuilt in ways that improve long-term employment options for disadvantaged workers.

Clearly, many former residents of the city will not return. Indeed, the recent report by the Bring New Orleans Back Commission (2006) predicts that, by the end of 2008, just over half of the city’s pre-Katrina population will have returned, and even fewer among its disadvantaged population.

But, for those who do, rebuilding creates opportunities for skill enhancement and better job quality, as well as improved coordination between housing, transportation, and labor markets. And what is learned from reconstructing the city might also hold valuable lessons for how we improve opportunities for disadvantaged workers in other areas. These opportunities should not be wasted.

NOTES

1. The percentages of workers in these industries in New Orleans and nationally in 2003 come from the Bureau of the Census (2005). Other figures come from the Bureau of Labor Statistics’ National Compensation Survey (2005b).

2. According to Frey and Myers, the “dissimilarity index” that measures local segregation was higher only in Miami and Jackson among major Southern metropolitan areas in 2000; and the increase between 1990 and 2000 in New Orleans was among the 10 largest increases observed for major U.S. metropolitan areas in that time.

3. See Bureau of Labor Statistics (2005a) for the relevant data and explanations of survey methods in the immediate post-Katrina period.

4. Autor and Houseman (2005) recently challenged the evidence presented by Andersson and his colleagues (2005) as well as many other studies that purport to show positive impacts of temp agencies on the earnings of disadvantaged workers. But, since their study is based on small samples of workers from a few welfare-to-work offices in Michigan only and relies on statistical techniques (i.e., instrumental variables) whose validity in this context remains uncertain, we continue to believe that temp agencies can play a positive role. Even in Autor and Houseman, the more successful welfare-to-

work offices provided some intermediary services to their workers.

5. To the extent that some discrimination is “statistical”—based on employer perceptions of the average employee in a demographic group rather than individuals in those groups—the provision of accurate information by intermediaries about the individual can help overcome discrimination. For some discussion and evidence on statistical discrimination, see Altonji and Blank (1999).
6. See Pennington (2005) for a proposal of a reconstruction corps in New Orleans.
7. See also the report by the Center for Law and Social Policy (2005).
8. Pager (2003) presents results from an audit study of job applicants and employers in Milwaukee, showing that employers offer fewer jobs to comparably skilled ex-offenders relative to nonoffenders, and also to blacks relative to whites in each category. Holzer, Raphael, and Stoll (2004) also present from employer surveys evidence of reluctance to hire those with criminal records, sometimes driven by state laws as well as employers’ private concerns. Laws to restrict hiring of offenders may be related to public safety concerns in some occupational areas (such as child or elder care), but much less so in others.
9. Since many ex-offenders are also noncustodial fathers who have gone into “arrears,” or debt in their child-support payments, this might constitute a major financial disincentive to work. Those in arrears can have up to 65 percent of their wages garnished by the state to cover payments. “Arrearage forgiveness” has been discussed in some contexts, for those noncustodial parents who are trying to make their current payments. Other fatherhood services, such as those to encourage better parenting, can be considered as well.
10. Efforts to build career ladders and credentialing have been used in nursing homes in various states to help employers improve job recruitment and retention in the long-term care industry. A variety of states have provided incumbent worker training credits for less-skilled workers. See Holzer (2004) and Osterman (2005).
11. The original Bush administration decision to suspend Davis-Bacon requirements that construction workers on public projects be paid “prevailing wages” was rescinded in late October. This regulation substantially increases the wages paid on these construction jobs, and thus the potential of these jobs to raise workers and their families above poverty (though perhaps at the cost of some reduction in the numbers of such jobs created).
12. The Bush administration had previously proposed “Personal Reemployment Accounts” for unemployed workers in 2003, though these were never enacted. These proposals bear some similarity to the notion of

“reemployment bonuses” that have been paid to UI recipients in certain states to encourage their more rapid return to the labor market after a spell of joblessness. See Robins and Spiegelman (2001) for a description of these accounts and some evaluation of pilot programs in various states.

13. As of the last week in October 2005, the Department had granted \$12 million in grants to provide new training in the Gulf states and had authorized about \$191 million in grants to create short-term jobs, of which about one-third has been released thus far. The Department estimates that the latter sum will fund nearly 58,000 jobs, though only about \$3,300 per job would be available in this case (not including administrative expenses).

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