

# Reducing Poverty and Economic Distress after ARRA

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Earlier this year, the Urban Institute and the Georgetown Center on Poverty, Inequality, and Public Policy brought together senior federal and state officials, leading policy experts, and researchers to propose and debate ideas for combating poverty and its harmful effects after the American Recovery and Reinvestment Act (ARRA) expires in 2010. Papers presented during “Reducing Poverty and Economic Distress after ARRA: The Most Promising Approaches” reflect on lessons learned from the recession, ARRA, and the changing economic, fiscal, and political landscapes to set out clear rationales for the authors’ recommendations and offer concrete policy ideas for Congress, the White House, and states.

## Postsecondary Education and Training as We Know It Is Not Enough—Summary

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The Obama administration has emphasized postsecondary education as the key to its jobs policy, continuing a long-held federal strategy while broadening its goals beyond traditional four-year schools. But disadvantaged students and working adults may still fall through the cracks—and educating college-age youth alone can’t meet the nation’s employment and social policy objectives.

While the focus on college has gone up, federal spending on adult employment and training programs and high school career and technical education has declined. As the nation recovers from the recession, we need to pay more attention to these alternative paths and do more to link education and jobs.

### FEDERAL JOBS POLICY

Postsecondary education was not always at the core of our nation’s jobs policy. In the 1970s, the federal response to unemployment was the Comprehensive Employment and Training Act (CETA), the predecessor to the Workforce Investment Act (WIA). The Carter administration used CETA to create 750,000 public-service jobs as part of its 1977 stimulus package. But adult employment and training programs have shrunk since the 1980s. Federal spending on WIA would be \$25 billion now if its programs were funded at the same level as CETA was in the last Carter budget. Instead, WIA receives \$3 to \$4 billion in federal funds, which increased to roughly \$6 billion with a temporary boost from the stimulus.

The lack of a hands-on jobs policy in the American Recovery and Reinvestment Act (ARRA) reflects a parallel shift in social policy that culminated in welfare reform in the 1990s. Attempts to promote mobility through training have been abandoned in favor of “work first” strategies, though many low-wage workers don’t have the education or training to get jobs that pay enough to keep them out of poverty.

While I don’t advocate reviving CETA or welfare as we knew it, I believe that employment services, training, counseling, and better links between school and work are important to a more inclusive jobs policy.

### BENEFITS AND BARRIERS TO POSTSECONDARY EDUCATION

The shift toward education policy is grounded in job realities. Good jobs for high school graduates are disappearing; college degrees have become a requirement for middle-class careers. Salaries are higher for workers with even some college education—and those wages have held up or grown, even as the supply of workers with postsecondary degrees has increased.

The future promises more of the same. Between 2008 and 2018, the economy will create an estimated 47 million job openings, most of which (almost 30 million) will be filled by people with at least some college education.

Through ARRA and the American Graduation Initiative, the Obama administration boosted Pell grants while also expanding postsecondary education goals to include community colleges, associate’s degrees, and apprenticeships. An estimated 11 million low-income, dislocated, or imprisoned adults could benefit from postsecondary education and training, adding more than \$120 billion to the national wealth and, in the case of prisoners, reducing recidivism by as much as 29 percent (Steurer and Smith 2003).

Low-income, disadvantaged, and working adults, however, face many barriers to college. Mainstream schools tend to focus on traditional 18–24-year-old students, not adults with work and family responsibilities. Also, low-income adults tend to be more expensive students: they require more financial aid than traditional students, a more expensive course mix of applied and academic learning, flexible scheduling, and family services such as child care. And beyond the scope of education policy, low-income adults often need stipends to help them balance work with education and family.

### POLICY RECOMMENDATIONS

Postsecondary policies for low-income adults continue to be a missing link between our nation’s work-oriented values and education requirements for jobs. Expanding student aid for nontraditional students and increasing public spending on less-selective four-year and two-year colleges will help. I also recommend reviving career and technical education (CTE) programs in high school and beyond. CTE will provide an alternative to a strict academic education and will offer strong labor market connections.

We also need better links between academic education and the world of work. A modern information

system could tie jobs and career paths to education and training programs, perhaps by connecting student transcripts to wage data and job openings. This would allow students to see how postsecondary education and training directly relates to getting a job and earning a higher salary.

Finally, all students could benefit from a more integrated education, training, and jobs perspective to policy, rather than isolating workforce development in the Department of Labor (DOL) and education in the Department of Education (DOE). The Obama administration offers a strong start with a fiscal 2011 DOL budget that sets aside \$261 million to create workforce innovation partnerships between DOL and DOE. This money can be put to good use funding demonstration projects—such as apprenticeships, credentialed learning, and occupational training programs—that experiment with innovative ways to overcome the barriers many working students face.

### REFERENCE

Steurer, Stephen J., and Linda G. Smith. 2003. *Education Reduces Crime: Three-State Recidivism Study*. Lanham, MD: Correctional Education Association.

### JOB OPENINGS BY EDUCATION LEVEL, 2008–18

Source: Author’s analysis of March Current Population Survey data, various years, and Center on Education and the Workforce forecasts of education demand to 2018.

