Skills Development and Workforce Outcomes

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Unemployment High for Many

- Overall unemployment rate has declined since Great Recession.

- However, unemployment remains very high among the very young. Double digits for 16-19 year olds.

- Unemployment twice as high for African-Americans and also high for Latinos.

- Unemployment higher and lower earnings for those who lack formal education and skills.
Unemployment Rates in 2016

Unemployment rate (4Q 2016)

- Total: 4.5
- 16-19 years old: 14.1
- 20-24 years old: 7.7
- 25+ years old: 3.8
- White: 4.0
- African American: 7.9
- Latino: 5.6
- Asian: 3.0
Unemployment rate of population aged 25 and over, by educational attainment (2015)

- Less than a high school diploma: 8.0
- High school diploma: 5.0
- Some college, no degree: 5.0
- Associate's degree: 3.8
- Bachelor's degree: 2.8
- Master's degree: 2.4
- Professional degree: 1.5
- Doctoral degree: 1.7

Median weekly earnings of population aged 25 and over, by educational attainment (2015)

- Less than a high school diploma: $493
- High school diploma: $678
- Some college, no degree: $738
- Associate's degree: $798
- Bachelor's degree: $1,137
- Master's degree: $1,341
- Professional degree: $1,730
- Doctoral degree: $1,623
Inadequate Skills

Workers require different skills and may have inadequate skills along these different dimensions:

- **Cognitive Skills:**
  - Numeracy, literacy, and memory.

- **Non-cognitive Skills:**

- **Technical Skills:**
  - Involving manual dexterity (use of instruments, materials, etc.).
  - Related to specific occupations and trades.

- **Soft or Socio-emotional Skills:**
  - Personality traits and behavioral skills.
  - Emotional stability, agreeableness, extroversion, adaptability, conscientiousness.
Inadequate Numeracy, Literacy and Problem Solving by LM Status

Percentage of adults age 16 to 65 at each level of proficiency, by employment status (2012 and 2014)

<table>
<thead>
<tr>
<th>NUMERACY SCALE</th>
<th>Employed</th>
<th>Unemployed</th>
<th>Out of labor force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>17</td>
<td>31</td>
<td>26</td>
</tr>
<tr>
<td>Level 2</td>
<td>33</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>Level 3</td>
<td>32</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>Level 4/5</td>
<td>12</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LITERACY SCALE</th>
<th>Employed</th>
<th>Unemployed</th>
<th>Out of labor force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>11</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Level 2</td>
<td>31</td>
<td>40</td>
<td>38</td>
</tr>
<tr>
<td>Level 3</td>
<td>39</td>
<td>40</td>
<td>38</td>
</tr>
<tr>
<td>Level 4/5</td>
<td>15</td>
<td>7</td>
<td>9</td>
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</table>

<table>
<thead>
<tr>
<th>PROBLEM SOLVING</th>
<th>Employed</th>
<th>Unemployed</th>
<th>Out of labor force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>21</td>
<td>30</td>
<td>26</td>
</tr>
<tr>
<td>Level 2</td>
<td>41</td>
<td>43</td>
<td>44</td>
</tr>
<tr>
<td>Level 3</td>
<td>33</td>
<td>24</td>
<td>26</td>
</tr>
<tr>
<td>Level 4/5</td>
<td>6</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>
# Inadequate Numeracy, Literacy and Problem Solving by Race/Ethnicity

Below are the percentages of unemployed adults age 16 to 65 at each level of proficiency, by race/ethnicity for the years 2012 and 2014:

## Numeracy Scale

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4/5</th>
</tr>
</thead>
<tbody>
<tr>
<td>African-American</td>
<td>19</td>
<td>43</td>
<td>33</td>
<td>5</td>
</tr>
<tr>
<td>Hispanic</td>
<td>19</td>
<td>38</td>
<td>31</td>
<td>10</td>
</tr>
<tr>
<td>Overall</td>
<td>11</td>
<td>31</td>
<td>36</td>
<td>18</td>
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</table>

## Literacy Scale

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
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<th>Level 3</th>
<th>Level 4/5</th>
</tr>
</thead>
<tbody>
<tr>
<td>African-American</td>
<td>4</td>
<td>30</td>
<td>44</td>
<td>21</td>
</tr>
<tr>
<td>Hispanic</td>
<td>10</td>
<td>26</td>
<td>39</td>
<td>23</td>
</tr>
<tr>
<td>Overall</td>
<td>4</td>
<td>20</td>
<td>40</td>
<td>29</td>
</tr>
</tbody>
</table>

## Problem Solving

<table>
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<td>African-American</td>
<td>43</td>
<td>44</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>Hispanic</td>
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<tr>
<td>Overall</td>
<td>30</td>
<td>43</td>
<td>24</td>
<td>3</td>
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Groups Most in Need of Adequate Skills

1. At-risk In-school Youth
2. Drop-out/Out-of-school Youth
3. Adults Without Jobs
At-risk In-school Youth

These programs focus on kids who are still in school but at risk of dropping out or engaged in other problematic behaviors.

The aim of these programs are mainly:

- Improve school performance and reduce HS dropout rates.
- Increase post-secondary attendance.
- Increase post-school employment and earnings.
At-risk In-school Youth

- Programs evaluated rigorously:
  - Career Academies
  - Quantum Opportunities
  - Opening Doors

- Key components:
  - Create learning communities that provide personalized learning.
  - Supplement classroom education with summer and year-round employment.
  - Curriculum is tightly linked with work/skills training or careers in partnerships with employers.
Impacts of Programs for At-risk In-school Youth

Impacts on education and employment variables

- Career Academies: 2.2% (HS Completion), 0.3% (More than HS)
- Quantum Opportunities: 6.0% (HS Completion), -522 (Earnings)
- Opening Doors: 12.8% (More than HS)

$2,155***

$2,400

$1,800

$1,200

$600

$0

-$600
Second chances for those who already dropped out and are currently not enrolled in formal education system and not working.

Focused on:
- Remedial training as many may have deficiencies in cognitive and non-cognitive skills.
- Vocational and on-the job training and more work-oriented.
Out-of-school Youth

- Two types of programs:
  - Residential (Job Corps)
  - Non-residential (Center for Employment Training – CET)

- Key components:
  - Individualized.
  - Tackles basic skills.
  - Competency-based.
  - Focused on specific trades/occupations with input from business and labor organizations.
Impacts of Programs for Out-of-school Youth

- **Job Corps**: 2.4% increase in employment, $758 increase in earnings.
- **Center for Employment Training (High-Fidelity Sites)**: -5.2% decrease in employment, $1,288 decrease in earnings.
- **Center for Employment Training (Medium/Low-Fidelity Sites)**: 0.6% increase in employment, $719 decrease in earnings.
Youth Training Programs in Latin America: serve similarly disadvantaged youth.

- Colombia (Jovenes en Accion)
- Peru (Projoven)
- Dominican Republic (Juventud y Empleo)

Key Elements of these programs (Attanasio, Kugler, and Meghir, 2011; and Kugler et al., 2016):

- Classroom and on-the-job component with strong links to employers.
- Teach life skills.
- Pay for performance linked to OJT component links training to demand.
Impacts of Disadvantaged Youth Programs In Latin America

**Impacts of Latin American programs**

- **Jovenes en Accion (men)**: -2.7% (-$82)
- **Jovenes en Accion (women)**: 5.4% ($455)**
- **ProJoven (low quality courses)**: 4.0% ($517)**
- **ProJoven (medium quality courses)**: 8.0% ($379)**
- **ProJoven (high quality courses)**: 9.0%* ($621)**
- **Juventud y Empleo**: 7.7% ($400)

*Employment and Earnings (USD PPP 2005)*
Adults without Jobs

- **Sectoral Training Programs in U.S.:**
  - Wisconsin Regional Training Partnership – construction and manufacturing.
  - Per Scholas (NYC and Miami) – IT and computer technicians.
  - Jewish Vocational Service (Boston) – health sector and medical billing.

- **Key elements:**
  - All partnered with one particular industry and strong links with local employers.
  - Individualized services and job readiness skills.
  - Provide screening for employers.
Impacts of Sectoral Training Programs

Impacts of sectoral training programs

- Wisconsin Regional Training Partnership: 2% (Ever Employed), $6,255*** (Earnings USD 2005)
- Per Scholars: 5%, $3,827
- Jewish Vocational Service: 10%, $4,339**

**Ever Employed**

**Earnings (USD 2005)**
Conclusion: Skills Development and Work Outcomes

- Formal education and skills crucial to progress in employment and earnings.

- Not just more skills, but what skills matters:
  - Soft skills, in particular, have become more important over time.
  - Need to target skills demanded by employers.
Conclusion: Skills Development and Workforce Outcomes

- Have to tackle skills development before leave school but cannot leave those who have left formal education system without needed skills.

- Skill development that works best includes:
  - Links with employers
  - Soft skills development
  - Wrap-around services
THANK YOU