

Chapter 4: Work

Improving the labor market and encouraging work are central to our goals of achieving greater responsibility and opportunity in America. The private economy is the arena where most Americans work hard to realize their dreams. But employment today is failing to achieve the promise it did a few decades ago. Wages of the unskilled have been fairly stagnant in real terms (especially among men) and have fallen relative to those of more-educated workers; and some groups of Americans (like less-educated men generally and black men specifically) are working considerably less than they once did. Stagnant wages and low work participation among some groups of workers are blocking progress. Both must be addressed.

The Great Recession and the slow recovery afterward have exacerbated the low wages and low employment we observe among the poor. But even before the recession, during much of the preceding 30 years, relatively slow economic growth and weak labor markets limited employment and earnings gains of low-income workers. Improving economic growth, as well as returning to the tighter labor markets that we briefly saw in the latter half of the 1990s, would improve employment and earnings among the poor, as they did then. But absent such economic and labor market conditions, a range of other policies could still help.

Almost all policy advocates want to improve employment rates and earnings among the poor, as well as the adult earnings of those who grew up poor. But in a difficult job market and with the low workforce attachment of some groups, what can we do to improve the employment and earnings of these Americans? We have reached consensus on the need to:

- 1) Expand opportunities for the disadvantaged by improving their skills;
- 2) Make work pay better than it does now for the less educated;
- 3) Expand both work requirements and opportunities for the hard to employ while maintaining an effective work-based safety net for the most vulnerable members of our society, especially children; and
- 4) Make more jobs available.

Taken together, these proposals will expand opportunity and promote income security among low-income workers, while requiring them to take responsibility to make every effort to work.

IMPROVING SKILLS TO GET WELL-PAYING JOBS

In the current labor market, it's become very difficult to improve the earnings of less-educated workers without also improving their skills, so there is broad consensus that we need to do just that. For much of the last five decades, government-funded "job training" programs have aimed to improve the skills of low-income adults and youth. They include programs funded under the current Workforce Innovation and Opportunity Act (WIOA). Evaluations of these programs have shown mixed and generally limited effects. For this and other reasons, federal funding for such programs has greatly diminished.⁹²

Instead, most of what we used to call training occurs today in higher education, primarily at community colleges, where less-educated youth and adult workers seek occupational certificates and associate degrees tied to particular occupations such as nursing, welding, and computer repair and maintenance. As funding for WIOA and its earlier iterations has fallen, Pell grants and other forms of support for students from poor families have increased; they now fund more job training for the poor than all other federal workforce programs combined. As we will show in Chapter 5, college dropout rates are high among low-income students, and, when they do complete credentials, too many earn them in generic liberal arts programs that have relatively little labor market value.⁹³

Going to college need not mean focusing only on the traditional academic skills aimed at white collar jobs. Many students with limited or ineffective earlier schooling might do better in career and technical education (CTE) aimed at helping them qualify for skilled and well-paid blue collar positions. Community colleges are participating



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in more “partnerships” with employers to generate industry-specific (or “sectoral”) training, which shows better impacts on low-income workers’ earnings in evaluation studies than did most earlier training programs.⁹⁴ Many community colleges, in partnership with local workforce boards, are also building “career pathways” that combine classroom training, attainment of credentials, and relevant work experience. As an example, someone working as a nursing aide might first become a certified nursing assistant and then work toward getting an AA degree in licensed practical nursing.

States are trying to expand their industry-specific partnerships and career pathway options. But how far can these successful programs be taken to scale so that they serve more workers?⁹⁵ Right now, such activities are marginal in many community colleges, since technical training is relatively expensive (in terms of teacher pay and equipment costs) while colleges receive the same tuition and subsidies for CTE that they get when students enroll in lower-cost classes that the labor market values less. The community colleges have too few incentives to expand teaching capacity in high-demand fields. Many employers, especially those in small and medium-sized businesses, also hesitate to provide significant on-the-job training for a variety of reasons, though it might be in their own interests and those of their workers to do so.⁹⁶

We believe the way forward is to both increase the financial resources and strengthen the incentives for public two-year colleges to use the resources more effectively. We would start with stronger performance incentives. The outcomes that would be rewarded are college completion rates and subsequent labor market earnings.

Thus, we propose that state legislators and governors make some significant part of state subsidies—perhaps as much as one-half—depend on colleges’ performance in these areas. So as not to encourage colleges to accomplish this only by “creaming” in admissions (by avoiding riskier students and admitting better ones), states could reward colleges for strong outcomes among the groups whose academic performance tends to be weaker (such

as minority, first-generation, and low-income students), or by developing some measures of “value added” or “risk-adjusted” outcomes for all students.⁹⁷ The administrative data on education and earnings necessary to implement this proposal are already available, and the federal government and other stakeholders should encourage states to make better use of them.⁹⁸

As for resources, we suggest that the federal government (perhaps through the Higher Education Act) or the states give two-year colleges more funding that is targeted specifically to raising teaching capacity in high-demand fields of study, and to support services that would likely improve education and employment outcomes for the poor. Higher expenditures in these areas would let the community colleges expand sector-based training and career pathways while helping students make better-informed choices about the benefits of enrolling in them.

In addition, both federal and state governments should expand work-based learning, starting in high school with high-quality Career and Technical Education options. Among the very best of these is the Career Academy. This model of an industry-focused school within a high school lets students take college preparatory classes while also gaining more specific technical training and work experience. Rigorous evaluation shows that Career Academies raise earnings over the long term for at-risk young men by nearly 20 percent, while also improving their marriage rates.⁹⁹ A Career Academy can also be embedded as one of several options within a broader model of high school reform like New York City’s Small Schools of Choice, which dramatically raised high school graduation rates and college enrollment among participants, especially young black men, while costing the public less than other high schools (see Chapter 5).¹⁰⁰

Other forms of work-based learning involve employer-provided training on the job rather than classroom instruction, and we should encourage more of this as well. Apprenticeship is a particularly promising model of on-the-job learning that deserves more support.¹⁰¹ At a time when lower-income young people have difficulty obtaining both

postsecondary credentials and early work experience, apprenticeships help them get both. The education and training they receive through apprenticeships is almost certain to be relevant to the types of jobs available in the local market. Apprenticeships are appealing to students, who enjoy being paid while they get an education. Employers also favor apprenticeships because the participating students help them produce the skilled workers they need, without having to make a longer-term commitment before they can observe job performance. The training is often paid for through below-market wages during the training period. Yet another advantage of apprenticeships is that the training usually costs the public little.¹⁰²

Since the free market alone won't generate the socially optimum amount of work-based learning that is in both the private and public interest, the state or federal government, or both, may need to offer some modest level of tax credits or grants and technical assistance to promote these programs.¹⁰³ Indeed, South Carolina is already using tax incentives to encourage their expansion, as have Great Britain and other industrial countries.¹⁰⁴ South Carolina lets employers take a \$1,000 tax credit for each new apprentice. Though we don't yet have evaluation evidence on its impact, this strikes us as a reasonably sized incentive that might be replicated nationwide. At the very least, states should conduct experiments to see whether similar subsidies and/or technical assistance actually increase apprenticeships and skills. Programs that combine the on-the-job training of apprenticeships with the attainment of a college credential, such as a certificate or even an associate degree in a high-demand field, would also improve the attractiveness of the training for students and the portability of the skills acquired across employers and economic sectors.¹⁰⁵

MAKE WORK PAY MORE FOR THE LESS-EDUCATED

No matter what we do in terms of educating and training low-income students, there is no doubt that many millions will still have low skills and therefore will face a future of low earnings. Working year-round and full-time will often leave single and noncustodial parents in particular

with poverty-level earnings, although the Earned Income Tax Credit (EITC) and other benefits can and do help lift many low-income single-parent, cohabiting, and married-couple families out of poverty.¹⁰⁶ And, as we noted in Chapter 2, low wages tend to discourage work, especially among less-educated men. We have therefore reached consensus on a pair of policies to "make work pay" better for less-educated and low-income groups. Specifically, we propose to expand the federal childless EITC and to raise the federal minimum wage.

The EITC has already successfully raised earnings among the poor in the past three decades, and it enjoys considerable support among both conservatives and progressives. Most—though not all—analysts believe that it also raises work levels among the poor.¹⁰⁷ But while the federal EITC very generously subsidizes the earnings of low-income single parents (usually mothers) with children, it currently offers very little to support childless adults, including non-custodial parents.

We support doubling the childless EITC to at least \$1,000 per year. President Obama has released a proposal to double the size of the EITC for childless workers, to broaden its phase-out range, and to expand eligibility to younger

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workers. Paul Ryan, now the Speaker of the U.S. House of Representatives, has proposed a similar EITC expansion. The support of both President Obama and Speaker Ryan shows that the expansion enjoys at least some bipartisan support. Moreover, an experiment to demonstrate how the expansion could be administered and what its impacts might be, called the Paycheck Plus pilot program, is now being carried out in New York City. The EITC in Paycheck Plus is worth a maximum of \$2,000 per year.¹⁰⁸

Although a higher wage subsidy generates an incentive to work, it might also reduce working hours among some people who are already employed and who would prefer to work less if they use the EITC to maintain their current level of income. To prevent this, some—though not all—in our group would, as in the New Hope Project¹⁰⁹ and some welfare reform experiments, condition the subsidy on the recipient's working 30 hours a week, to be assessed monthly.

Some members of our group also worry about increasing the "marriage tax" on poor recipients, some of whom would now qualify for two (both the mother and father) EITC payments if they were unmarried but would lose eligibility for one or both, depending on their combined earnings, if they married. The evidence to date suggests that the EITC has only small effects on marriage, and usually even positive ones, though the negative effects could rise with such an expansion.¹¹⁰ This possible negative effect on work and marriage could be counteracted by slowing the phase-out of EITC benefits for married couples.¹¹¹ For non-custodial parents, outstanding child support debts, if any, would be deducted from the subsidy. Thus a new benefit and opportunity for low-paid men would be linked to their responsibility to work steadily and support their children. This combination of helping poor men while making them meet their responsibilities parallels the combination of new benefits and work requirements used in welfare reform.

In addition, we endorse an increase in the statutory federal minimum wage, which is currently \$7.25 an hour. The public widely supports a minimum wage increase, which

would cost no public revenues. Roughly 25 states have already raised their statutory rates above the federal level. But because the higher rates impose higher labor costs on employers, standard economic theory predicts that raising the minimum wage should lower employment among the groups most concentrated in low-wage jobs (that is, very young, less-skilled, or part-time workers). While the risk of employment loss is real, empirical evidence suggests that the loss will be modest. The Congressional Budget Office (CBO) recently reviewed the research on this topic and predicted the likely effects of the Obama Administration's proposal (to raise the minimum up to \$10.10 per hour over three years and then index it to inflation). Its estimate of the likely employment loss was 500,000 jobs over three years, with 16 million to 24 million workers enjoying wage increases and 1 million people being lifted out of poverty.¹¹² But the study also found that more than 80 percent of the earnings increase would go to people already above the poverty line, and that it would modestly raise consumer prices, potentially hurting poor consumers who don't have a family member who benefits from the raise.

In a clear example of how values can influence the reading of research evidence, many progressives believe that this tradeoff is worth making and thus embrace the President's proposal. By contrast, many conservatives believe that the estimated employment costs and the effects on prices are too high, that four-fifths of the increase in earnings would accrue to households that are not in poverty, and that the CBO might have underestimated the potential employment losses. In addition, the vast research on the minimum wage says little about how increases affect long-run job growth; nor can it say much about larger increases in the minimum wage. The "net" job loss estimate might also obscure larger job losses among some groups of workers that may be balanced out by job gains to new entrants from other groups. Accordingly, many conservatives oppose expanding the minimum wage.¹¹³

But, in order to reach a consensus agreement, and given that we have less evidence to date on the effects of indexing (which, at least potentially, could increase employment

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losses) and on potentially larger employment losses in the future, we recommend an increase below what the Administration has proposed, but still large enough to substantially improve the rewards associated with work among the less-skilled.

It is also important to note the strong complementarity that exists between EITC and minimum wage increases.¹¹⁴ A higher minimum wage would reduce government expenditures on the EITC by pushing more workers out of the income ranges at which the EITC payments are high. And the higher minimum wage would prevent market wage reductions that are otherwise created by an expanded EITC, as the available supply of low-wage workers grows.

Any reduction of employment opportunities for young workers should be avoided wherever possible, but the expansion of work-based education (especially apprenticeships) and effective college training for the disadvantaged that we have recommended should also help offset any such job losses.

Finally, we believe that states, and potentially the federal government, should take additional steps to make it easier for mothers with children to work. Though some of these steps will cost additional public dollars, they should help reduce turnover among working mothers and raise their employment rates. One effort that states should consider is the provision of paid family and medical leave. We believe the best way to provide paid leave is by funding it through an increase in state payroll taxes (as California, New Jersey, and Rhode Island have done), and not as a mandate on employers to provide it, which would further raise employment costs and could thus discourage hiring.¹¹⁵

RAISING WORK LEVELS AMONG THE HARD-TO-EMPLOY

Employment levels, especially among less-educated workers, have declined over time. The reasons for falling work levels are not only low skills and wages, but also benefit programs that support people who don't work. The special employment problems among low-skilled men, such as low education and incarceration, also contribute to lower work levels. While requiring non-disabled beneficiaries of various income support programs to work, we must also remove barriers they face when seeking employment; and, if we require more work as a condition of receiving public benefits, we should support policies expanding work availability to those who need it, especially during economic downturns or in depressed regions of the country. Meanwhile, we believe that it's important to maintain an effective work-based safety net (see Chapter 2) for vulnerable members of our society, especially children.

Since welfare reform in the mid-1990s, the nation has moved toward a work-based safety net in which the goal is to use welfare and other benefits to move recipients toward rather than away from employment.¹¹⁶ But several other federal and state programs providing benefits to non-workers likely still discourage some people from working, though the negative effects are no doubt considerably smaller than they were before welfare reform.¹¹⁷ Some of these programs should be considered “work supports” when combined with low-wage jobs. But in some benefit programs, such as the Supplemental Nutrition Assistance Program (SNAP), we can do more to require or encourage more work (or productive work-related activity such as education and training).

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

The TANF program has the strongest work requirements of any means-tested program. After TANF was created in 1996, work increased substantially among single mothers, and especially among never-married mothers, the most disadvantaged group of single mothers and the most likely to be on cash welfare.¹¹⁸ By 2000, after a 40 percent increase in the labor participation rate of never-married mothers, the child poverty rate among mother-headed families and among black children, the group of children most likely to live in single-parent families, reached their lowest levels ever. In part as a result of work, the TANF rolls declined about 60 percent by 2000. We often hear two criticisms of the TANF work requirements: that states sanction too many families for failure to meet the work requirements, and that there are now too many single mothers, often called “disconnected mothers,” who have neither cash welfare benefits nor a job, some of whom were forced to leave TANF because of the five-year time limit.¹¹⁹ These two criticisms raise the question of whether welfare programs can have tough work requirements and time limits without unduly increasing the number of mothers who are unable to meet the requirements and become destitute. Our solution, in addition to the exemption from the time limit that already exists for 20 percent of the caseload, is to help states create more jobs; we discuss this proposal below. If necessary, the jobs could be government-supported, which would make it politically easier to enforce strict work requirements because mothers could always get a job.

THE SNAP PROGRAM

Once known as Food Stamps, the SNAP program has a major impact in keeping people out of poverty.¹²⁰ As a food and nutrition program, SNAP has only modest work supports or requirements. The 2014 Farm Bill authorized \$200 million for demonstration programs in ten states designed to show how to implement a variety of stronger SNAP work programs. These demonstrations are still in progress, so it is not known whether they have impacts on

work or nutrition. Once the demonstration programs have been implemented and evaluated, Congress should consider the ways in which SNAP recipients could engage more effectively in work, and take steps to maintain the availability of jobs and the nutrition of poor Americans.

Particular care should be taken when expanding work requirements in SNAP, since the SNAP program plays an important role in reducing hunger. We are somewhat more sympathetic to strengthening work requirements on certain groups, like able-bodied adults without dependents. However, exemptions should be made for able-bodied adults who might have difficulty meeting work requirements due to mental health or other problems.

HOUSING PROGRAMS

Housing programs have traditionally carried virtually no work requirements. The Housing Choice Voucher Program (Section 8) could experiment with work preparation, job search, or work requirements for recipients who are able to work.

DISABILITY PROGRAMS

Disability programs such as Social Security Disability Insurance (SSDI) and the Supplemental Security Income (SSI) program have recently grown rapidly, even though impairments that prevent work are, if anything, less prevalent today than they were when the rolls were much lower. On the one hand, there are still some low-income Americans who would be eligible for one of these programs but have difficulty gaining access to it.¹²¹ On the other hand, these programs grant lifelong disability status to individuals who qualify for them, and strongly discourage them from working for the rest of their lives. We need to find a better way to handle these problems.

Expanding disability rolls have caused several European countries to reform their disability programs by tightening eligibility rules and making sure that current recipients are really unemployable. The U.S. should experiment with doing the same by creating stronger incentives for workers to stay off the rolls and to remain employed as much as possible

after suffering illnesses or injuries, and for employers to try to accommodate workers with injuries or serious illnesses. One possible reform would be to vary the tax that employers pay for SSDI, which is now uniform, depending on how many of a firm's employees go on the SSDI program, as we currently do in Unemployment Insurance program. We strongly endorse some statewide pilot programs for these and other reforms, to test their fairness and cost-effectiveness.

DISCUSSION

Some members of our group are concerned that increasing work requirements for the poor, especially for the very hard-to-employ poor (whom employers tend not to hire) or those who live in depressed regions or in times of recession, could mean greater hardship for the most vulnerable, especially children. We therefore believe that any legislation that requires work must be carefully implemented in ways that prevent hardships imposed on children and on disabled adults, and only if rigorously evaluated experiments generate evidence to support them. We must mention two more important issues in this regard. First, it's important that some kind of work opportunity—or at least a work-related activity or constructive pursuits such as education or work preparation—be available to anyone who faces loss of income support for failing to meet a work requirement. Although we endorse expanding public support for job creation for the poor (discussed below), and also some exemptions from the work requirements, these might not always and everywhere be sufficient to cover all who need them. In these cases, some type of work activity—perhaps some form of “workfare”—should be offered to the program beneficiary before she is eliminated from the rolls. To be clear: we don't endorse a new entitlement to publicly funded jobs for these recipients, or any loosening of existing work requirements in TANF; we would only require that some kind of constructive activity (even if unpaid) be available to all recipients before terminating their benefits.

Second, we should consider strengthening the work support system, especially for children, even while requiring more work of beneficiaries. We endorse some specific proposals for improvements, like extending the Additional

Child Tax Credit beyond 2017 (when it is due to expire), so long as the credits are based on earnings from work rather than overall income. In addition, we believe several possible changes should at least be analyzed and evaluated, because they could help protect children in families with very low or no earnings, though as a group we offer no definitive recommendation on these additional elements. These could include raising the EITC or the Additional Child Tax Credit payments for families with children in the critical developmental age range of 0-5, providing more state funding for child care, allowing higher SNAP benefits for children in this age range, or offering summer nutrition programs for families with young children.

Another way to increase work rates is to reduce barriers to work facing low-skilled men. In addition to weak labor markets and employers' hesitancy to hire them, these men also sometimes face disincentives to work because of their child support obligations. The Child Support Enforcement Program has become efficient at establishing the paternity of children born outside marriage and levying child support judgments on the noncustodial parent, usually the father. Doing so has generated valuable income for many single-parent families, but it also generates a reason for absent fathers not to work because the child support payments function as a tax on their earnings. The resentment fathers feel about this system might, in some cases, be a greater deterrent to employment than the financial disincentive itself. A further impediment is that noncustodial fathers who fail to pay their judgments often accumulate large past-due payments, which create very high garnishing rates on their earnings, and thus even larger deterrents to work. In the worst cases, fathers can even be incarcerated for nonpayment. And many low-income fathers already face work barriers, such as very low earnings or criminal records.

Nonetheless, young men need to understand that parenting is a serious responsibility and that they will be held accountable if they don't meet it. Failing to expect both parents to support their children is not only unfair, it reduces marriage incentives, increases poverty rates for custodial mothers and children, and is likely to hurt children.

In a major step toward reducing the work disincentive inherent in child support, the Child Support Enforcement Program has begun to develop work programs to which absent fathers can be assigned if they have trouble working and paying regularly. These programs combine “help and hassle” like the work programs for mothers in welfare reform. The father must join the program and begin to pay the past-due child support. If he can’t find employment, he is given an opportunity to work. If he refuses the job offer and doesn’t begin to pay child support, he could be subject to incarceration in some states.¹²² A related step is to allow fathers who owe past-due support to have their debt forgiven or reduced if they work steadily and pay their current child support consistently. The federal Office of Child Support Enforcement has funded several demonstrations of child support work programs.

ex-offenders into society. Whether people who leave prison avoid recidivism depends most of all on whether they get jobs quickly and work steadily.¹²⁵ To that end, states and localities must reconsider the crippling legal disqualifications that now bar ex-offenders from many positions, including high-growth, low-wage sectors like school custodians, bus drivers, and providers of elder care. Private employers are also often reluctant to hire ex-offenders, fearing threats to their safety or that of their customers and other workers (for which they could be held legally liable).

It is a violation of federal Equal Employment Opportunity (EEO) law for any employer to have a blanket policy of not hiring ex-offenders, without regard to the requirements of the job or the nature of the felony committed.¹²⁶ This law must be strictly enforced. Cities and states should

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Ex-offenders emerging from prisons at the end of their sentences or on parole represent an even more disadvantaged group of low-skilled men, whose numbers now exceed 650,000 a year.¹²³ The United States has over 2 million of its citizens behind bars. Incarceration has soared in recent decades as federal, state, and local governments toughened penalties for crimes, even for victimless offenses like drug possession. On both the left and right, however, many people are deeply troubled by the criminal justice system’s huge fiscal costs as well as its negative effects on prisoners’ future job prospects. Mass incarceration harms not only the offenders, but also the families and communities they leave behind.¹²⁴

Federal and state governments should not only reduce imprisonment but take steps to promote the reentry of

also consider passing and enforcing “ban the box” ordinances, which forbid employers from asking about criminal records in written applications. Employers would still be free to check applicants for criminal backgrounds, which they do quite easily and cheaply on the Internet. But doing so later in the hiring process would give ex-offenders a better chance to impress employers with their positive skills or work experience. We support state demonstrations that test the impacts of ban the box ordinances, because answering yes to questions about incarceration likely eliminates an applicant’s chances of getting hired, even if he (or she) is otherwise fully qualified and poses no risk to employers, customers or coworkers. But uncertainty about the potential impacts mean that we should get more information by conducting high-quality studies of ban the box policies.¹²⁷

Some localities have also developed reentry programs for these men that resemble their child support work programs. Indeed, such reentry programs often serve the same population, since ex-offenders are themselves often nonresident fathers who have accumulated large child support debts while in prison. Ex-offenders on parole are required to work in most states, and when they fail to do so, parole officers often refer them to these reentry work programs.¹²⁸ However, work programs for ex-offenders are less well-developed than child support work programs, and they have weaker funding. The federal government should promote their further development and evaluation and consider funding them more fully.

ENSURING JOBS ARE AVAILABLE

Finally, we believe that the emergence of a work support system, promoted by the 1996 welfare reform law, should be accompanied by public efforts to ensure that work is, in fact, widely available to all or nearly all low-income adults who want it.¹²⁹ During the late 1990s, when jobs were plentiful, employers willingly hired many of the millions of single mothers who left aid during welfare reform. But since 2000, and especially since the Great Recession of 2007–2009, employment rates among low-income single mothers have receded somewhat and then only partially recovered. They remain high relative to their pre-welfare reform level, but they have not fully recovered from the all-time high achieved in 2000 before two recessions struck (see Chapter 2). Therefore, we can't assume that enough jobs are always available for all those who need them, especially for the hard to employ, those facing multiple barriers to work, those who live in depressed regions of the country, such as rural areas, and during economic downturns.

One way to create jobs is to subsidize employers' hiring of hard-to-employ groups. Congress has enacted a number of employer tax credits to do just that. Most recently, the Work Opportunity Tax Credit (WOTC) subsidized hiring several groups with high unemployment, including welfare recipients, former felons, and jobless veterans. But evaluation evidence suggests that the WOTC's effects on expanding employment for the disadvantaged have been limited.¹³⁰

Another way to provide jobs is through public service employment. But such jobs are costly. They should be limited to serious economic downturns and should not support workers who could get regular employment in either government or the private sector. In other words, they should be truly jobs of last resort. Public unions are often skeptical of such programs, so net job creation might be limited if funds are used for jobs that would otherwise have already existed.¹³¹ On the other hand, if implemented carefully, public service employment can, in addition to providing employment, have the potential to create goods and services that have economic value to society. Some of us would also support PSE during periods of overall economic expansion in parts of the country with persistently high unemployment rates, subject to the other restrictions mentioned above. Others believe that such a step would only be appropriate if coupled with significantly stronger safety net work requirements, and that other policy tools are better suited to help workers living in depressed areas.

A more promising approach to creating jobs is the emergency employment program created under TANF as part of the American Recovery and Reinvestment Act during 2009–10. In a short time, roughly 260,000 workers were placed in jobs created by this federal subsidy.¹³² A non-experimental evaluation suggested net employment growth among the employers who hired the subsidized applicants, along with some post-subsidy improvements in the employees' earnings (relative to a carefully chosen comparison groups).¹³³ Before expending substantial public resources in this area, we should experiment with and evaluate a program at some substantial scale, to improve our knowledge of what works and is cost-effective. Any such efforts should be modest during periods of strong economic growth and should grow in magnitude and funding during recessionary periods.

CONCLUSION

Progressive members of our group want to see opportunity expanded to ensure that all workers can find employment, and to see the government raise the earnings of poor and

low-income workers, especially those supporting children. Conservative members of our group want more workers to take responsibility for themselves and their families by working, while government provides greater security to working families and their children by subsidizing their earnings. Our group has reached consensus on a set of proposals that we believe will meet all of these goals.

Some of our proposals seek to promote more employment in the economy as it is, while others require the government to raise public spending to improve opportunity for the poor. While the budgetary costs of some of our proposals—like increasing the EITC for childless workers—could be significant, they could be offset in the context of a broader tax reform. Some of the costs of our proposals will also be offset by other policies we suggest, such as increasing the minimum wage, which will push many workers into income categories where they are more self-sufficient and less dependent on government income support.

But improving employment prospects for low-income workers or others (such as working mothers who have difficulty paying for child care) need not be left only to the government. We all believe that private sector employers should be encouraged to create upward employment

paths for their workers and to help resolve the work-family imbalances that plague working families by providing paid family leave or flexible schedules for parents of small children. It would be in the public interest for businesses to help their employees in these ways, and many can do so without incurring great expense.¹³⁴

Although several of the policies we recommend are controversial, we have found a great deal of agreement on the three general employment and training issues we discuss in this chapter. Specifically, we all believe that education and training are one of the keys to reducing poverty and increasing economic mobility, that government policy should aim to make work pay more at the bottom of the earnings distribution, and that we should strive to find a reasonable balance between promoting or requiring work in public programs and ensuring economic security for all families. Yes, progressives and conservatives would select somewhat different paths to achieve these broad goals. But because we agree on the goals, there is every possibility that well-functioning federal and state governments can find compromises such as our group has found. Together we can move the nation's workers and families, especially those at the bottom, toward greater participation in the nation's economy, toward higher earnings and family incomes, and toward improved financial security.