

# Strategies for Improving Economic Mobility of Workers:

*A conference report*

by Maude Toussaint-Comeau

The issue of economic opportunity for the disadvantaged has grown in importance. We've witnessed

healthy job creation rates in recent years, and by almost all measures American workers, overall, have gained economic ground. Yet, at the same

time, it's also well known that inequality in economic

outcomes has increased. Those at the bottom of the

income distribution have not grown as fast as those on the top, and may even be stagnating. These trends imply that segments of the

labor force have relatively more limited chances for economic mobility.

The adverse consequences of substandard wages and poverty on

individuals, families, and communities are numerous and interconnected. Families

with low to moderate income generally have little in savings to deal with unanticipated events, such as the loss of a job or a serious health problem. They are less likely to have

a bank account or become home owners, and they have much lower than average

household wealth.<sup>1</sup> Children in poor families receive lower-quality child care and health

care, and they are exposed to a less stimulating learning environment in the home.<sup>2</sup>

Living in a poor family increases the chances of living in a poor neighborhood. As research by the

Brookings Institution suggests, nationwide about one in ten individuals below the poverty line in

2000 lived in communities with geographically "concentrated poverty," where at least 40 percent of

the population is poor.<sup>3</sup> Forty-six of the nation's 50 largest cities contained at least one such

neighborhood. Many of these neighborhoods lack adequate housing, jobs, business and financial

services, and transportation infrastructure. As a result, residents tend to face higher local prices for goods

and services. Living in distressed neighborhoods also increases one's exposure to health hazards and violence.

Given these trends, how can economic opportunities be improved for workers and households in poor communities?

There are no simple solutions, and research should help to design more efficient and effective policies for helping low-income workers and the poor.

In November 2007, the Chicago Fed, in partnership with Upjohn Institute for Employment Research, co-hosted a conference that opened the door to an informative dialogue on how to promote economic opportunities for disadvantaged workers. This conference was a good example of the two institutions' standing commitment to and interest in facilitating the development of informed public policy. The conference assembled a diverse mix of researchers and practitioners who exchanged a wide variety of viewpoints and perspectives. Presentations covered analyses of current and past trends on poverty, wages, and occupations in the United States, as well as the latest research on trends in income assistance for poor, working families with children.

They also discussed research on the evaluation of training programs targeted at specific sectors, and vocational training programs for “hard to employ” individuals and low-income adults. Presenters further tackled questions surrounding education, financial aid, employment prospects for disadvantaged workers, and on the spatial mismatch between residents of poor communities in inner cities and locations experiencing job growth that are not in the inner cities. Also discussed were the different channels by which housing initiatives could potentially affect economic and social outcomes for disadvantaged populations.

The conference provided a forum for researchers, public officials, and community development practitioners to discuss meaningful ways to promote economic prospects for the disadvantaged. One objective of the conference was to help unify efforts in research, policy, and practice arenas on this important topic. Among the panelists were practitioners representing work force development organizations, who shared their insights regarding effective (and ineffective) methods and strategies, and the power of public and private partnerships.

Given the broad scope of the conference, this article is not intended as a comprehensive summary of the event. It focuses on selected academic presentations and papers from the conference that explored trends affecting low-wage earners, as well as the particular circumstances of some vulnerable populations, including “hard to employ” individuals. This article also provides a summary of discussions and information shared by the panel of workforce development practitioners, as well as the panel of researchers that discussed issues involved with community-based program evaluations. The article concludes with some broad insights on what was learned, and on future research and programmatic opportunities.

## **Trends in the “material circumstances” of low-wage workers**

This panel’s intent was to set the stage by having economists provide an overview of the research surrounding the “material circumstances” of low-wage workers and “disadvantaged” populations in the U.S. These trends provide the background for policy considerations discussed for the situation of workers today. As Bruce Meyer, who provided a summary in a special paper prepared for the conference, noted, by “material circumstances, one has in mind not only wages, income, and poverty, but also food consumption, housing quality, purchases of other goods, and access to health care.”

David Autor and Alan Berube, the two researchers in the first session, argued that increased inequality has been evident in most aspects of the “material circumstances” of workers

Alan Berube of the Brookings Institution in his presentation/paper, “Geographic Dynamics in Income and Poverty: Recent U.S. Trends,” noted that regional growth in productivity, employment, and changes in poverty have been uneven. While cities continue to have higher poverty rates than suburbs, suburban growth has meant that most of the poor now reside in suburbs. He indicated that when poverty rises, it does so more for children. He also noted that poverty became less concentrated in certain neighborhoods within cities during the 1990s, but this pattern appears to have reversed so far during this decade.

In that same first session, Peter Gosselin of the Los Angeles Times examined the issue of trends in income volatility and income risk. He reported results of a paper, “Trends in Income Volatility and Risk, 1970-2004,” in which he and his coauthor, Seth Zimmerman, find a substantial increase in the transitory variance of family income over

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(despite some overall improvements). Autor in his presentation/paper, “Past Trends and Projections in Wage, Work, and Occupations in the United States,” argued that hourly wage growth from 1973 through 1989 fell at the bottom and grew modestly at the top. From 1989 through 2005, wage growth was polarized, with high growth at the bottom and the top, and little growth between the 30th and the 70th percentiles. Autor suggests that the growing use of computers is a large part of the explanation for this pattern. He suggests investments in human capital to take advantage of likely future growth in education-intensive “abstract” jobs.

time. He concludes that based on this research that economic uncertainty and vulnerability has increased. (Bruce Meyer noted in his paper “Comments and Reflections on Economic Mobility and Policy,” that the research community has not concluded unanimously on the issue of volatility and how to interpret trends in volatility.)

## **Disadvantaged and “hard to employ” individuals**

Alex Kotlowitz, in a keynote speech/essay<sup>4</sup> prepared for the conference, speaks to the particular challenges of youth in inner cities, as they confront

violence, a lack of role models, low school quality, and lack of employment. He noted that investment in early childhood education programs like Headstart and rebuilding of urban communities by “bringing jobs back into these communities” are key to addressing the problem.

Along the same line, Harry Holzer in his presentation/paper, “What Might Improve the Employment and Advancement Prospects of the Poor?” discussed the research that has documented the particular circumstances of black men from low-income families and poor neighborhoods who fail to attach regularly to the labor market at all. He noted that while the employment rates of single poor mothers improved quite dramatically in the 1990s, the labor force activity of less-educated black men continued to decline, as it has for each of the past several decades. In his paper he reviews some research evidence on the causes of low earnings among the working poor and weak labor market activity among low-income men. He noted that poor workers have very limited access to good jobs. This lack of access can be attributed to lack of information, lack of informal contacts, transportation challenges, and employer discrimination. He stated that millions of low-income (especially black) men fail to develop consistent labor market attachments for a variety of additional reasons. Growing up in poor and fatherless families and in highly segregated schools and neighborhoods, many boys and young men fall behind quickly and then “disconnect” from school at very early ages. Once this disconnection occurs, these young men often fail to further develop their skills or complete school, and many obtain very little formal work experience of any kind.

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## **Strategies for Improving Economic Mobility of Workers Conference: Keynote Speech**

by Alex Kotlowitz

In this essay, I want to speak to the forces bearing down on those growing up in our urban centers, those growing up in places where the promise of opportunity is often a myth. These are the very individuals who as young adults we want to help guide into fulltime employment – employment that is not only meaningful, but employment that holds some possibility of advancement, employment that holds a sense of future.

**Before I enter this terrain though I want to offer two thoughts to ponder.**

The first is this: in considering how we get people who have been out of the mainstream into full-time employment, we need to be able to talk about personal responsibility alongside collective responsibility. Clearly, the very reason for this conference is that we all have some responsibility to try to level the playing field, to open up opportunity. But as we talk about getting the hard-to-employ to work, we should think about that intersection between collective and personal responsibility. With the former, for instance, it seems impossible to hold a conference like this and not talk about some kind of public jobs program; and with the latter, to put it in colloquial terms, it seems impossible to talk about job mobility without talking about how much slack we should cut those who are most in need. Or can we afford to cut any slack at all?

The second thing I want to mention before proceeding is this: work matters. Not only does it matter, but it's essential. Work is the very thread that holds the social fabric together, and without work that fabric unravels.

William Julius Wilson in his groundbreaking book, *When Work Disappears*, talks about the reality of work and the culture of work. The reality of work is self-evident. Work provides income – for food, shelter, and clothing. But there's also the culture of work. Work provides a sense of purpose, a sense of identity. It connects us to the world around us. It gives order to our lives. It provides a temporal sense, a beginning, middle, and end to our days, and to our weeks. Without work, we begin to lose all of that. We lose a sense of purpose. We lose a sense of identity. We lose a connection to the world around us. We become more isolated. And we lose a temporal sense. Our weeks and our days begin to melt into each other. This is critical to consider as we discuss the forces bearing down on the very young men and women this conference is aimed at. These are young men and women who share the notable characteristic that work – especially meaningful work – is absent from their lives and from their communities.

Even after 20 years reporting and writing from our inner-cities, I don't pretend to fully understand what it means to grow up poor in this country. Nor do I have the answers for how best to get young men and women from these communities into the workforce. But what I do know is that when it comes to the great American ideal of equal opportunity, we've come up short. So our aim should be to try to chart a course that leads us from myth to promise. In order to do that we first must try to understand, to borrow a phrase from the novelist Tim O'Brien, the things they carry. What shapes those who grow up in our urban centers, poor and along the margins?

One thing that has become clear to me over time is this: in our urban centers, communities have begun to breakdown. When I first began to spend time on Chicago's West Side, I met adults who didn't want to talk to me, who distrusted outsiders. That I expected. But what did surprise me was the distrust between neighbors. In my book, *There Are No Children Here*, I spent two years with two young brothers, Lafayette and Pharoah Rivers. They were 12 and 9 respectively when we began to hang out together. Early on, I asked Lafayette, the older of the two, if he would introduce me to his friends. He told me, "I don't have friends, I just have associates."

These are neighborhoods, too, that lack the very institutions most of us take for granted, the very public and private institutions which help create community. Adding to this spiritual isolation is the geographic isolation. We live in cities which are as segregated as they were 40 years ago. Some even more so.

This cuts to the American paradox. We like to think of ourselves as connected to each other, as part of this larger community, but in fact what's so striking about America is how disconnected we are from each other and from the world around us. At the end of the day, we really have very little to do with each other, and such distance breeds misunderstanding, if not outright mistrust. In ravaged communities, that distrust can extend not only to outsiders but also, as I mentioned earlier, to neighbors.

Connected to the unraveling of community is the stubborn persistence of violence. We have completely underestimated the effect of the violence, both on the human spirit as well as on community. It takes only one single act of violence to create an imprint around which the rest of a childhood will revolve.

What I saw in the children I spent time with on the West Side is the very same kind of post-traumatic stress-disorder we have seen in veterans returning from combat. I saw children who were aggressive, who acted out conflict in violent ways. I saw children who suffered from depression. In fact, it's not at all unusual to see young boys with dark circles under their eyes, kids who clearly have trouble sleeping. I saw children who were hyperactive. In fact, a common complaint among elementary school teachers is of children virtually bouncing off the walls. Such hyperactivity is a direct consequence of trauma. I saw children who had flashbacks – as well as physical problems. When the gunfire would become more frequent, Lafayette would complain of stomach pains and Pharoah's stutter would worsen.

Among these children, there was a strong foreboding that they might not make it to adulthood.

When I asked Lafayette what he wanted to be when he grew up, he told me, "If I grow up, I want to be a bus driver. If, not when." This belief that the future isn't guaranteed leads young people, especially teenage boys, to act recklessly. They lose the ability to consider where they might be six months in the future, let alone where they might be in six years. Moreover, as a result of the violence, they're often unable to build meaningful relationships in their lives, which is reflected in Lafayette's reference to his peers not as friends, but as associates. Of course, the stubborn persistence of violence unravels communities, and shattered communities become ripe terrain for violence. The two circumstances feed on each other.

Finally, I think it's worth considering the silence that surrounds these neighborhoods. There are two dimensions to this. There is the institutional silence that surrounds the lives of children like Lafayette and Pharoah, an inability on the part of institutions – like the schools, the police, the local politicians, the courts, and the health care system – to respond to what has become a weekly, if not daily, crisis in the lives of the children. But there's also a more subtle, and perhaps more insidious self-imposed silence, an unwillingness of people living along the margins to share their stories. What I've come to realize over the years is that there's a fear among many that if they share their stories they won't be believed. I've been confronted with this time and time again. It's the most painful and destructive kind of silence there is, the kind that will slowly strangle the life out of an otherwise spirited people. What it says to me is something very, very simple: we've stopped listening. We've stopped believing.

Given all this, how do we think about the young men and women we are talking about at this conference? The first thing I'd suggest is that we have to start listening, to start believing. On the most practical of levels, that means it's not enough just to say to a young man, say, from Chicago's West Side, "I have a job for you. Just be here at 8 a.m. every day. Wear a shirt and tie. You have a half hour for lunch. Some days we may need you to work late. If you have any questions, you come see me." Think back to your first job. I'm sure you were intimidated – by the other employees, by the boss, by the new rules. But I suspect you also had someone to lean on, either your parents or an older sibling, who could help you navigate this new world.

That's not the case for the population we're talking about. Many, if not most, are without role models, without mentors. They come from what my friend Jack Wiest calls "a culture of joblessness." They come from a community where they may not know anyone who has a career. We need to provide a mentor, a guide for that young man

or woman, someone whom they can confide in, someone who can help them interpret this new terrain, someone who can share their own experiences.

Why not employ a model used – quite successfully – for first generation college students? It's called the posse program. A group of high school seniors form a support group. They meet the summer before their freshman year, and during that time are given, in essence, a roadmap to the college experience. Once at school, they become like a team, each leaning on the other, for guidance, for reinforcement, for friendship. Many of these young men and women don't know an adult who's been to college. It's also understood that colleges, while excited to have them on campus, may be ill-equipped to handle the kinds of issues many of these young adults may experience or have already experienced. These first generation students may have pressures at home that distract them – or worse yet pull them away from school. They may misinterpret signals from a professor or from another student. They may have low expectations for themselves. They may just want to give up. And yet they have each other to lean on. This seems like such an analogous experience to those who are entering the workforce for the first time. These are young men and women who have had to tangle with all that I've written of earlier – and who may feel ill-equipped to deal with the unfamiliar. I've wondered whether something similar to the posse program makes sense in the workplace. Pull together a group of young men and women. Let them get to know each other. Then have them enter a workplace together. They'll have each other to lean on. They'll have someone to whom they can turn to, someone who will listen and who will believe.

Work, itself, can also raise new issues. I've seen young men who have made it out, who had graduated from college, and found their way into a career. They were celebrated for their success. But such accomplishment creates burdens, as well. Suddenly family members lean on you for support – and for cash. And the harder you work, the more money you make, the more other family members ask for. I know of one young man who literally put some physical distance between him and his family by moving from Chicago to New York. I know of a young woman who had the strength to say to no family requests for money, and as a result has been ostracized by her mother and by her sisters and cousins. Fear of becoming the sole support for an extended family can lead some to sabotage their own trajectory. The pressure becomes too intense. I've seen it happen time and again.

Earlier on, I posed the question: how much slack do we cut people – or in fact do we cut them any slack at all?

I often hear this from potential employers, though not necessarily in such direct terms. My response is that it's not the question we should be asking. Rather, it's how do we get young men and women to a place where we demand of them what we demand of other employees – while also acknowledging the forces bearing down on them? Whether it be a troubled family, or the inability to find affordable housing or the difficulty navigating a path to work that would avoid a neighborhood gang, or finding childcare. It all seems so obvious, I know, but too often we think that all we need do in the end is offer a job for every employable person and we'll be okay. But as most of us know that's not the case. We have to offer peer support and guidance and mentoring, all with a full understanding of what they're tangling with.

In the end, if we're serious about reintroducing work into the lives of young men and women coming out of a childhood marked by violence, by distrust, by loneliness, by low expectations, by poor education, it seems rather self-evident that we must do something to reshape that childhood. There's been recent work by economists that suggests if we want to seriously tackle the issue of employment, we have to invest in early childhood education programs like Headstart. I would take it a step further. If we want to seriously tackle the issue of employment, we have to invest in the rebuilding of our urban communities – both physically and spiritually.

Much of the decline in urban communities has to do with the disappearance of work, so we must strategize on two fronts: one, find ways to fortify communities and to fortify the human spirit, with special attention on children by diminishing the violence they face and reinvigorating schools; and second, find ways to bring jobs back into these communities and get people to work. One requires the other.

## BIOGRAPHY

*Alex Kotlowitz is best known for his award-winning nonfiction book, *There Are No Children Here*, for which he received the Helen B. Bernstein Award for Excellence in Journalism, the Carl Sandburg Award, and a Christopher Award. It was the subject of a 1993 television film for ABC starring Oprah Winfrey, and was listed as one of the 150 most important books of the century by The New York Public Library. Formerly a staff writer for the Wall Street Journal, Kotlowitz covered urban affairs and social policy. His investigative articles appear regularly in publications including The New Yorker and The New York Times Sunday Magazine. He teaches writing at Northwestern University.*

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Furthermore, they also become more likely to engage in other detrimental behaviors, like illegal activity and fathering children out of wedlock. The combination of criminal activity and unwed fatherhood almost guarantees that these young men will become incarcerated and also receive child support orders. Upon release from prison, their ex-offender status will further inhibit their labor market prospects, as employers become even more reluctant to hire them and as their own skills and labor market contacts have further depreciated.

John Tyler, in his presentation based on a co-authored paper, "Correctional Programs in the Age of Mass

he asks. They are also being released into a different economy. We have very low educated, very low-skilled individuals being released into a high-skill economy. Sixty percent of the prisoners in the state and federal prisons lack a high school diploma.

### Policy implications

In response to the trends in wages and income and their particular implications for the low-wage workers (or the working poor), two types of policies came up repeatedly: education or other human capital building, and work subsidies, such as the Earned Income Tax Credit (EITC). Both Autor and Berube mentioned investing in human capital. Indeed, the bottom line

EITC sharply increased the employment of single mothers, and for much of the recent period has had perhaps as big a role in employment changes as welfare reform. She suggests that we should consider expanding the EITC. There are obvious groups that do not especially benefit from the current EITC such as single men and women, and even some low-income married couples. Bruce Meyer proposed one addition to these possible EITC reforms. The current benefit structure is the same for those with three or more children as for those with two. He proposes that there should be a more generous schedule for those families with three or more children. They appear to be particularly needy because they have fewer resources from which they are able to devote to food, housing, and other consumption, compared to single mothers with two or fewer children.

Many presenters, researchers, and practitioners discussed programs that provide employment training and assistance, and that generally fall under the umbrella of "workforce development," as ways to address specific needs of targeted disadvantaged individuals. Workforce development involves a combination of approaches to address the need of individuals who have particular problems accessing the job market. Burt Barnow, who participated in the panel on evaluation gave a presentation/paper titled, "What We Know about the Impacts of Workforce Investment Programs," providing a brief history of these programs. He noted that employment and training programs in the United States have a relatively brief history. In addition to the public employment programs of the Great Depression, the Manpower Development and Training Act (MDTA) [1962-1972], the Comprehensive Employment and Training Act (CETA) [1973-1982], the Job Training Partnership Act (JTPA) [1982-1998], and the Workforce Investment Act (WIA) [1998-present] have provided vocational training,

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Incarceration: What Do We Know About What Works," makes the case for why one cares about these individuals. He gave some statistics on the number of people who are incarcerated – roughly 1.5 million people are in our federal and state prisons, and by the time you add jails, it adds up to about 2.2 million people. He asks, "What's the relevance of this?" As criminologist Jeremy Trotter says, "They come back." Ninety-five percent of these people will be released from prison, the bulk of them into already distressed communities. About 650,000 per year are released from incarceration into our communities and neighborhoods around the nation. The people who are released tend to have low education attainment, tend to be minority men, and tend to be quite young. "So what's the relevance of this?"

from Alan Blinder, who gave a keynote lecture on outsourcing, was that we need to think about how we educate the next generation of workers. Both Autor and Blinder said it was hard to predict what industries and occupations will see rises or declines in the future and when. Bruce Meyer noted in his impression of the exchanges that we are still left with tough decisions about whose human capital should be enhanced and what skills they need. We have general predictions, but few specifics. We still have little guidance from research to date on these questions.

Hilary Hoynes focused her paper/presentation, "The Earned Income Tax Credit, Welfare Reform, and the Employment of Low Skill Single Mother," primarily on EITC. She reports that the

remedial education, subsidized on-the-job training, and job search assistance to disadvantaged youth and adults, as well as displaced workers. CETA also provided public service employment.

Harry Holzer in his presentation/paper, “What Might Improve the Employment and Advancement Prospects of the Poor?” advocated enhanced workforce development programs. He suggested that the prospects of the working poor would be better served by a combination of further job training, job placement assistance, and other supports and services that would promote access to better jobs in the labor market. Community or vocational colleges provide credentials respected by private sector employers, although work experience in the relevant sector might also be necessary. And, since there are relatively high-paying jobs available in certain sectors of the economy, labor market intermediaries should focus on strategies to help link workers to existing jobs with employers, particularly those engaged with and supportive of these organizations. The intermediaries – which can include community-based organizations or various nonprofit or for-profit organizations – might direct workers to the relevant sources of training, and then to employers who will hire them. These strategies now come in many forms. They include: sectoral training; incumbent-worker training, career-ladder development, and apprenticeships and internships.

For the “hard to employ,” Holzer recommended boosting efforts to serve ex-offenders, including prisoner reentry programs, like the Center for Employment Opportunity, that provides a paid but temporary “transitional job” for each participant, and legislative efforts to reduce the many legal barriers at the state level that limit employment options for ex-offenders. Further Holzer advocated strategies to improve early outcomes and prevent disconnection, such as youth development efforts aimed at adolescents (like Big Brothers/Big Sisters or the Harlem Children’s

Zone); creating “multiple pathways to success” in high schools, including high-quality Career and Technical Education (CTE) options (such as the Career Academies and apprenticeships as well as those stressing direct access to higher education; “second chance” programs (like YouthBuild and the Youth Service and Conservation Corps) and dropout prevention or recovery efforts; and the resurrection of community-based models like the Youth Opportunity program, which created employment centers in low-income neighborhoods that tracked at-risk youth and referred them to available services. Below we highlight specific examples of programs, and related comments of practitioners.

### Workforce development programs

A panel of workforce development researchers/practitioners discussed various experiences running special programs. They shared their opinions regarding the challenges, but also what it takes to be successful. In particular, they focused on how partnerships, primarily public-private partnerships, help to leverage resources, build capacity, improve flexibility, foster creativity, and improve outcomes. The panel included; Bob Giloth, the director of Family Economic Success at the Annie E. Casey Foundation; Evelyn Diaz, deputy chief of staff to Mayor Daley; Don Sykes, the president and CEO of the Milwaukee Area Workforce Development Board; Bob Straits, administrator of the Upjohn Institute and director of the Kalamazoo County and St. Joseph County, Michigan Works Service Delivery System; and Brenda Palms-Barber, CEO of the North Lawndale Employment Network in Chicago.

Maria Hibbs, executive director of The Partnership for New Communities (The Partnership), moderated the session. She began with a brief description of The Partnership, which, according to Hibbs, is a collaboration of individuals that lead some of Chicago’s key institutions and businesses. The Partnership focuses on large scale community revitalization in Chicago

neighborhoods, such as the transformation of public housing. Examples include Cabrini-Green, the Henry Horner homes; the construction of almost 7,000 units of mixed-income housing; and the rehabilitation of all public housing in the city. Hibbs noted “As with any initiative that is as big as the plan for transformation, there are positives, there are things that don’t work as well, there are issues, concerns, challenges; and that’s one of the reasons the collaboration of civic and business leaders was established, to help with that.” She stated that the idea behind transformation is not only to build the environment, it is also transforming people’s lives by giving them new opportunities and ending “residential and job isolation.”

Bob Giloth provided a high-level discussion of the importance of partnerships, particularly for workforce development. First, he noted that an important obstacle in the workforce field is “multiple silos.” As he stated, “A few years ago, GAO counted a hundred different federal workforce programs. Pennsylvania alone had 49. In neighborhoods, you often see seven or eight public investors spending eight to ten million dollars with different, unrelated objectives, and different perceptions of the problem.” The lesson to learn: “It is important to make these pieces work together, because it’s not simply an inefficient use of money, it means that the transitions for a lot of the folks we work with are not well crafted.”

Giloth argues that workforce development needs to have partnerships. These partnerships should facilitate career pathways for individuals, if they are to contribute to mobility – a pathway that an entry level worker can work on all the way up through a set of intermediate jobs to more skilled jobs. There’s a similar kind of pathway that should be sought at a neighborhood level—a pipeline for people who are disconnected from work. There may be a need for greater literacy, there may be

a need for housing, and there may be a need for even legal work. All of these needs are to be taken into consideration before someone can, not simply get a job, but hold it in the long term. Efforts to promote college attendance as an approach for people to move up in the economy are also warranted. Giloth noted more recent partnerships emerging around the country that organize philanthropic partners to support workforce intermediaries. An example is the Skill Works project in Boston. Finally, he argued that there should be allowance for “constructive failures in the field of community economic development,” the intention to learn from mistakes.

Evelyn Diaz discussed two of Chicago’s largest scale public-private efforts in workforce development – Opportunity Chicago, which Maria alluded to earlier, and then Mayor Daley’s newest economic and workforce development initiative, Chicago LEADS: Chicago Leading Economic Advancement Development and Sustainability (Chicago LEADS). She added that Opportunity Chicago is an initiative that aims to prepare and place residents of our city’s public housing authority into good jobs. According to Diaz, the initiative has been very successful to date in bringing together a diverse group of government agencies and workforce development experts to design and implement a large scale employment program for public housing residents. The first aspect of the public-private partnership that works for Opportunity Chicago is the fact that such partnerships allow for funding collaboration. For example, The Partnership for New Communities is the private funding partner responsible for pooling funds from private corporations and foundations for Opportunity Chicago. The private sources of funds motivate public sector stakeholders to fund, and leverage other sources of funds for the initiative. The other aspect of public-private partnership in Opportunity Chicago, Diaz explained, is the “initiatives

and player engagement strategy.” This is a strategy whereby they work with employers in key sectors to inform the development of their training programs.

The other initiative Diaz talked about (Chicago LEADS in the 21st century) also follows the funding collaborative and employer engagement method. It is a two-year (to be expanded) initiative aimed at getting the city colleges of Chicago, and Chicago Public Schools to cross communicate and align occupational demands in Chicago’s key industries – hospitality, health care, transportation, warehousing, logistics, finance, and insurance. Overall, the key principle driving Chicago LEADS is that the workforce system should be demand driven.

Donald Sykes summarized issues that the Milwaukee area faces. He noted that Milwaukee “has a 26 percent poverty level in the city, higher in the inner city; black male unemployment is close to 50 percent. Eighty-five percent of the state of Wisconsin’s TANF recipients live in Milwaukee County.” The major challenge therefore is to create jobs. The community must take a comprehensive course of action toward job creation and access, considering and incorporating related services, including transportation, addressing driver license issues, child care services, and youth programs. He said that the first step effort in getting people to work is to help them “get organized and reduce the tension in their lives.” To foster efforts to get people to work, it is important to leverage and support the skills and services of community-based organizations already in place. He stressed the need to assess and account for funding to community-based organizations. For example, as he phrased it, “If you put money out to say we’re going to fund for X, then half of those agencies will say, we do X; and so what we’re trying to do is stop that by saying, we will fund you, but we want to fund you for the things that you know how to do, and we want to target it so it can be accountable.” He noted that Milwaukee County is trying to integrate

workforce development in its overall economic development strategy. This includes providing minority-focused and set-aside programs, and incentives for developers to embrace and fund workforce development strategies.

Robert Straits began by explaining the context in which his organization operates its workforce development program. The Michigan Workforce System has 25 service delivery areas, and each of those areas has a workforce board. In Michigan, Department of Corrections funding for job training, TANF dollars, career education dollars, and WEA dollars all are under that umbrella. About four years ago, their workforce board saw that their retention rate for welfare recipients was only 37 percent. The board sought to develop a model program that would address retention. They engaged researchers to identify best practices; they talked to practitioners, held focus groups, and gathered information through other means. Employers said that they want people who arrive at work on time, ready to work every day, and that have basic math and reading skills. They learned that in addition to low education levels, transportation, child care, and other matters also impact job retention. In summary, related needs went far beyond job placement. Subsequently, the board instituted through the steering committee an initiative called “reality check,” whereby staff would visit potential employers and spend time learning about the day-to-day nature of jobs to which clients would be referred. Through a number of filters and assessments, Straits stated, “We ended up having classes with people who seemed very interested in these jobs, who passed drug tests, who passed the various hurdles that one has to pass in order to be successful in getting these jobs in the first place.” The retention rate has improved to roughly 86 percent. The “reality check,” Straits emphasized, is very valuable. “By going through some form of reality check, we know what the job is going to be. This

reduces the chances that the person placed will fail." Straits also shared the experience with the Workforce System's prisoner reentry program, and subpilots of the prisoner reentry, such as one geared for children of the incarcerated individuals.

Brenda Palms-Barber, of the North Lawndale Employment Network, began by presenting some of the demographics of North Lawndale. She noted that "North Lawndale is 94 percent African-American, and about 4.5 percent Hispanic or Latino. The median income household is about \$18,000. Essentially, North Lawndale continues to be one of the ten poorest communities in Chicago... 57 percent of the adults in the community had been involved with the criminal justice system on some level..." The mission of the North Lawndale Employment Network, Palms-Barber explained, is to improve the earnings potential of community residents through innovative employment initiatives. To achieve that goal, she noted, they had to address the issue of the impact of incarceration in the community.

In response to the need, the Network instituted a program called, U-Turn Permitted. It is a job-readiness program specifically designed for former offenders. Two years into operating that program, they presented a demonstrated outcomes model to the city, and were able to secure CDBG funding. Eventually, they received WEA funding, and have now been operating U-Turn Permitted for nearly seven years. Today, that program serves over 350 former offenders. Palms-Barber explained that they have learned that the biggest retention losses are between the first and 30<sup>th</sup> day on the job. The Network places special emphasis on keeping clients on the job, through their workforce coaches, for that critical 30-day period.

Palms-Barber talked about a partnership between the Illinois

Department of Corrections, Ben and Jerry's Ice Cream, the Boeing Company, and the City of Chicago, that provided funds to help launch "Sweet Beginnings." This is a social enterprise, an LLC, subsidiary of the North Lawndale Employment Network. The goal is to establish a formal work history for individuals who don't have one, to provide productive work habits, to have people gain marketable skills as a stepping stone to further their employment and career opportunities. Palms-Barber noted that Sweet Beginnings started out being able to hire 10 employees, and now will be able to hire 100 former offenders a year, 25 per quarter. Eventually, the goal is to transition these workers into unsubsidized employment. Palms-Barber concludes that private foundation support allows her organizations to have the "flexibility to build, the flexibility to incubate and innovate new approaches, and to learn from our work, and time to build a model that can demonstrate outcomes... those (foundation) names really give credibility to your work, and it helps other funding to come along."

### Challenges in evaluating community-based programs

A panel of economists discussed the state of research on work training and related program evaluations. The purpose of that session was to share with those managing programs who are interested in measuring impact, the latest research and findings derived from program evaluations. However, given the broad array of existing programs, there is no finding regarding their general effectiveness. Burt Barnow, one of the panelists on evaluation in his presentation/paper titled, "What we Know about the Impacts of Workforce Investment Programs," highlighted several programs that have been evaluated and noted that most of them have had either no impact or modest positive impacts. Many do not pass cost/social benefit tests, though

he contends some that fail may be worth doing on equity grounds. He also noted that existing research evaluations have important analytic limitations that bias them in favor of programs with short-term impacts and large spillover effects on nonparticipants via displacement or price changes. Research findings broadly indicate that employment and training programs work best for adult women and least well for youth. The literature provides no good explanation for this demographic pattern.

John Tyler of Brown University covered research conducted to assess the effectiveness of programs designed to help ex-offenders reintegrate into mainstream society. He argued that the relatively low quality of correctional program evaluations that has been the norm until recently has left researchers uncertain as to which types of programs work. Nonetheless, some important lessons derive from recent evaluations, such as the SVORI and the CEO evaluation projects. First, it is very difficult to impact significantly the lives of adult offenders. (Research that seriously tries to account for "positive selection" into rehabilitative programs is often unable to reject the null hypothesis of no program effect on outcomes, by labor market outcomes or recidivism.) He added further that the SVORI evaluation revealed that there is a paucity of programs in prison, and that this is not surprising given the institutional realities of prisons and prison life that make it difficult to deliver rehabilitative programs as originally designed. Further, early results of the CEO evaluation that show no employment effects, but substantial recidivism effects, suggest the need to re-think how employment program elements might be better designed to reduce recidivism.

In Robert LaLonde's (University of Chicago) presentation, "Evaluating Community-Based Programs," he discussed the problems and challenges associated with evaluating community-

based programs. He argues that the results derived from small community-based programs, though seemingly insignificant in a broad sense, do have meaningful impact. This is what he calls “an evaluation problem.” The cost of performing a rigorous evaluation that accurately quantifies impact may be too high for practical purposes. Nonetheless, these programs have shown positive results. Evaluation is hard analytically because there is missing data and a “selection problem” among evaluators.<sup>5</sup> LaLonde emphasizes that it is not a good strategy to attempt to evaluate all programs. He noted that often programs are threatened by political opponents who insist on having evaluations. “People want to get rid of programs and support good evaluations because it is a device to get rid of the programs.” LaLonde emphasized, “I think it’s a mistake – evaluations are so hard; it’s not worth doing a bad one. It is important to concentrate skill, resources, and limit the number to high-quality evaluations.”

## Conclusion: looking forward

The conference, “Strategies for Improving Economic Mobility of Workers” brought together individuals who rarely gather in the same forums, yet have a lot in common. The mixing of perspectives was extremely enlightening, and should help to improve the “research of the researchers” and hopefully the “practices of the practitioners.”

The research in income and wage trends, particularly the work presented by David Autor, is compelling in its demonstration of rising inequality, or as he refers to it, “a process of employment ‘polarization’ – in which job growth is concentrated among both highly education-intensive ‘abstract’ jobs and comparatively low-education ‘manual’ jobs.” Autor outlines that this presents both challenges and opportunities for the nation. The rising productivity of highly educated workers is good news, but the

growing importance of manual and service tasks presents a challenge. The positive news about rising demand for in-person service occupations is that it will tend to increase the earnings of less-educated workers. The less favorable news is that, even given rising demand, labor supply to services may be sufficiently elastic that wages stay low. The hourly wage rates imply annual, full-time earnings of approximately \$20 thousand per year (although many service jobs do not provide full-time, full-year earnings). This income level exceeds the poverty threshold for the year 2000 of \$19,350 for a family of two adults and two dependent children. Yet, this is probably insufficient for families to make optimal investments in child-rearing and education.” Autor agrees that “It appears a legitimate worry that the ongoing polarization of earnings levels among U.S. households will ultimately serve to thwart economic mobility among subsequent generations.”

## BIOGRAPHY

Maude Toussaint-Comeau is an economist in the microeconomics team of the economic research department of the Federal Reserve Bank of Chicago. Toussaint-Comeau current research focuses on immigrant utilization of financial services, labor market adjustment, homeownership attainment by Hispanics and immigrant/ethnic self-employment. She is published in *Review of Economics and Statistics*, *International Migration Review*, *Contemporary Economics Policy*, etc. She received a Ph.D. in economics/public policy analysis from the University of Illinois at Chicago, an M.S. in economics from Temple University and a B.A. in economics from the University of Illinois at Urbana-Champaign.

## NOTES

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- 2 Gale Group Inc., “Overview of Poverty and Education,” *Encyclopedia of Education*. Available at [www.answers.com/topic/overview-of-poverty-and-education](http://www.answers.com/topic/overview-of-poverty-and-education).
- 3 Berube, Alan, “Metropolitan Poverty in the United States,” presentation at Poverty and Place Workshop, Cambridge–MIT Institute, Cambridge, UK, September 28. Available at [www.brookings.edu/speeches/2006/0928metropolitanpolicy\\_berube.aspx](http://www.brookings.edu/speeches/2006/0928metropolitanpolicy_berube.aspx) (accessed August 4, 2008).
- 4 Full text is included in this edition of *Profitwise News and Views*.
- 5 The selection problem arises from the following possibilities: participants choose to participate in programs based on their own assessments of whether they will benefit from the program. Program operators select applicants that they believe will benefit from the program. The same issues arise when evaluating community-based programs. One might ask: why is the program operating in Community A; is it due to strong community leaders compared to Community B who did not have the program? In such case, one could expect their outcomes to differ even if the program had no impact. The challenge then comes from the fact that the evaluation is unable to account for these decisions.