



## 28th Wisconsin Family Impact Seminar

February 4, 2010

# Workforce Development Policy

## New Directions for States

### Executive Summary

In the U.S., the recession is over, but employment continues to fall, according to the National Bureau of Economic Research. Between December 2007 and August 2009, Wisconsin lost 138,900 jobs, which is almost equal to the number of working-aged adults in Madison. According to the Wisconsin Department of Revenue, the state's unemployment rate has already doubled from a year ago, and further drops in state employment are likely before a rebound occurs. In the next year or two, 21% of leading Wisconsin CEOs plan to expand in the state, with 52% planning to expand in another state or country, according to an economic survey by Wisconsin Manufacturers and Commerce. What workforce strategies can attract and retain employers in Wisconsin? What job opportunities are emerging in the clean energy industry? How can Wisconsin ensure the economic future of its workforce and its families?

### Wisconsin's Workforce Development System

According to the first chapter, adapted from a recent report by the Public Policy Forum, \$339 million was spent for employment and training of Wisconsin's workforce in FY 2008. The dollars flow through 6 federal agencies, 8 state administrative departments, and 36 different programs. Despite recent reductions, W-2 remains the state's largest workforce development program. Wisconsin relies on the federal government for 83% of its employment and training dollars; Wisconsin provides only 17% of the funding, which appears to be a lower percentage than many other states. From 2006 to 2016, Wisconsin is expected to face a shortage of skilled workers, with two-thirds of the 96,460 job openings requiring some form of training. Wisconsin spends an estimated \$34 million annually for job-specific training, well short of the projected cost of \$120 million.

### Harry Holzer

In the second chapter, Harry Holzer, Professor of Public Policy at Georgetown University, discusses whether the public sector has a role in workforce training and what the research evidence says about its effectiveness. Although some employment and training programs are promising, the results vary by program intensity and demographic group. In general, for adults, modest training and work experience programs generate modest impacts. A small number of more intensive efforts, like the National Supported Work program, have been effective, especially for hard-to-serve women. Training programs that lead to secondary or postsecondary credentials, along with work experience in key economic sectors, are consistently effective for disadvantaged workers. Typically, impacts on earnings are more positive for adult women than men. For parents, supports such as stipends and child care may make it possible to enter and remain in training programs. For youth, Career Academies, job training programs in high schools, have been shown to raise earnings by 11%, and the impacts persist over many years. For ex-offenders, evaluations of one new approach—transitional jobs—suggest a sizeable drop in recidivism for those entering guaranteed employment soon after release.

### Seminar Presenters

Harry Holzer

ph: (202) 687-1458 | [hjh4@georgetown.edu](mailto:hjh4@georgetown.edu) | [gppi.georgetown.edu](http://gppi.georgetown.edu)

Daniel Kammen

ph: (510) 642-1640 | [kammen@berkeley.edu](mailto:kammen@berkeley.edu) | [rael.berkeley.edu](http://rael.berkeley.edu)

Larry Good

ph: (734) 769-2900 | [lagood@skilledwork.org](mailto:lagood@skilledwork.org) | [www.skilledwork.org](http://www.skilledwork.org)



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### Daniel Kammen

In the third chapter, Professor Daniel Kammen of UC-Berkeley, discusses why policymakers are investing in the clean energy industry: it creates jobs at home, it contributes to our nation's energy independence, and it preserves the environment. He was coordinating lead author of the Intergovernmental Panel on Climate Change awarded the 2007 Nobel Peace Prize. Based on evidence from his lab, the renewable energy sector generates more jobs per unit of energy than the fossil fuel sector. For example, the wind industry generates more jobs per megawatt hour than the coal, gas, and nuclear power industries. Currently, energy efficiency is the most promising clean energy policy direction because it saves the most money and also the most carbon emissions. More than many industries, the clean energy sector demands long time frames and sizeable capital investments. Companies are more apt to make the robust, long-term investments that are needed when governments set consistent and predictable energy and environmental policies. From a family perspective, policymakers need to consider our responsibility for any environmental problems that today's actions are causing for our children, grandchildren, and future generations.

### Larry Good

In the final chapter, Larry Good, Chairman of the Corporation for a Skilled Workforce in Ann Arbor, Michigan, describes how an increasing number of states are addressing workforce challenges by establishing sector strategies—policies that support regional, industry-specific programs implemented by

an employer-driven partnership of relevant stakeholders. Sector strategies can increase state competitiveness, align resources and strategies, and provide multiple career pathways for all types of workers. In a large study of one sector initiative, the percentage of participants who worked rose from 74% to 94%, and their median earnings increased from about \$8,600 to over \$14,000 in the first year and to over \$17,700 in the second year. Based on earnings, almost half of the study participants moved out of poverty. Employers also benefited from a 41% decrease in turnover and a 23% reduction in customer complaints.

The Family Impact Seminars are interested in workforce development for many of the same reasons that policymakers are. In the midst of a global economic transformation, families are a powerful engine of a vital economy because of the many private contributions they make to the public good of developing productive workers. Every nation's competitiveness will depend more than ever on its human capital, particularly the education and social skills of its labor force. Human capital is shaped, to a large extent, by socialization that occurs early in family life and in high-quality preschool programs. In this way, families support workforce development. What's more, workforce development supports families. The capacity of families to economically support their own members depends upon their ability to acquire the education and skills needed to get good jobs. Good jobs can support families' economic well being and also their quality of life. For example, when clean energy jobs are created, families live in a cleaner environment today and their children, grandchildren, and future generations will live in a cleaner environment tomorrow. ■

### Where research meets policy on family issues

The Wisconsin Family Impact Seminars are a continuing series of policy forums that provide policymakers with objective, high-quality research on issues such as growing the economy, cost-effective corrections programs, long-term care, prisoner reentry, and health care quality and cost. The Seminars aim to increase the use of research in policy decisions and to encourage policymakers to examine the family impact of policies and programs. Check out the Seminar web site ([www.familyimpactseminars.org](http://www.familyimpactseminars.org)) for audio of speakers at previous Seminars (click on state Seminars), and for 140 briefing reports from 19 states written specifically for state policymakers (click on publications). The briefing report described here, "Workforce Development Policy: New Directions for States" accompanied the 28th Wisconsin Family Impact Seminar. The full report, edited by Stephanie Eddy, Consultant, and Karen Bogenschneider, Director, can be downloaded from our web site. Hard copies are available to state legislators at no charge by contacting Seminar Coordinator, Jennifer Seubert, at (608) 263-2353 or [jseubert@wisc.edu](mailto:jseubert@wisc.edu).