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How Communities Can Connect Economic and Skills Development

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How Communities Can Connect Economic and Skills Development

Tim Bartik, Brad Hershbein, Michelle Miller-Adams
W.E. Upjohn Institute

Presentation to
Delta Leadership Institute Executive Academy
July 14, 2020

About the Upjohn Institute

- Not-for-profit, nonpartisan research institute based in Kalamazoo
- Founded in 1945
- Mission: To study policy-related issues of employment and unemployment; to experiment with innovative ways to help the unemployed
- Manage federally and state-funded workforce programs in 4-county region



“Investing in Community” Research Initiative

- Leverages research on state and local place-based policies
- Provides practical advice to communities and states about how to promote inclusive growth by helping residents get and keep good jobs.
- Draws on research and practice
- “Bottom-up” solutions tailored to local needs

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FOR EMPLOYMENT RESEARCH

**Investing in Community: A Playbook for
Connecting Economic and Skills Development**

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Presentation Outline

How to boost local earnings per capita by getting more residents into good jobs?

Cost-effectively:

- Create good jobs locally
- Create better job skills among residents
- Link local jobs and local job seekers

Part 1: Creating Better Local Jobs

Local job creation has high benefits—even higher in more distressed areas

Benefits of local job creation depend upon whether residents get the jobs



\$240,000

Present value of increased local earnings per capita per job when 20% of jobs boost local employment rates (average area, with average job matching)

\$360,000

Present value of boost in local earnings per capita when 30% of jobs boost local employment rate (distressed area, or above-average job matching)

Making tax incentives more cost-effective



3x effect on location decisions when incentive provided in first 5 years of project rather than in years 11–15.

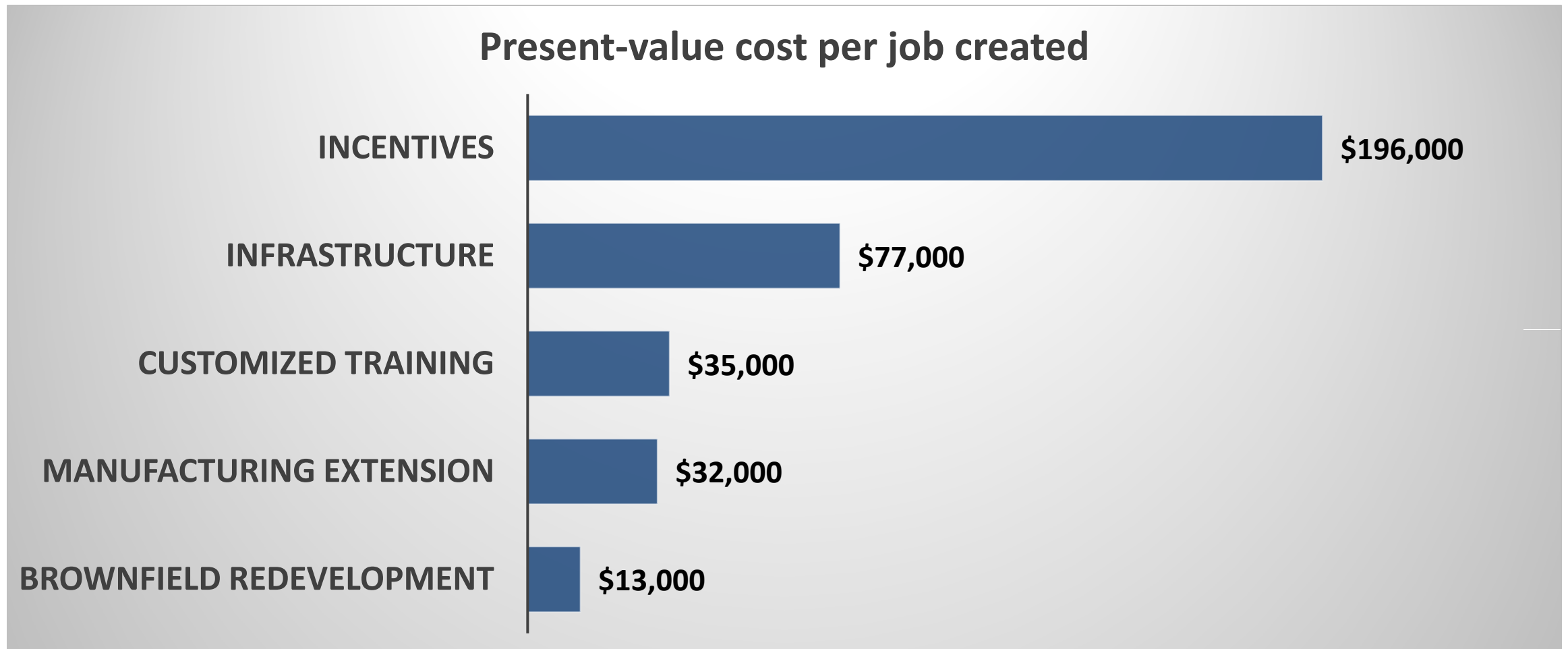


Virginia model: Upfront \$20K/job but provided with 4-yr delay & job persistence requirement.



Average local multipliers are 1.3–1.7: for every 10 direct jobs, 3 to 7 spinoff jobs. Increase multipliers by: (1) high-tech jobs in high tech area: mult >2.5; (2) 10% higher wages increases mult by 5%; (3) locally-owned businesses have mult higher by 0.3.

Although incentives can have benefits > costs, other job-creation policies have lower costs



Part 2:

Building Better Skills for Residents

Cost-effective strategies for building skills

Three stops along the life course:

- Career programs for high-school students
- Place-based college scholarships
- Demand-based job training

Use high schools to promote career readiness

Reorganize existing resources

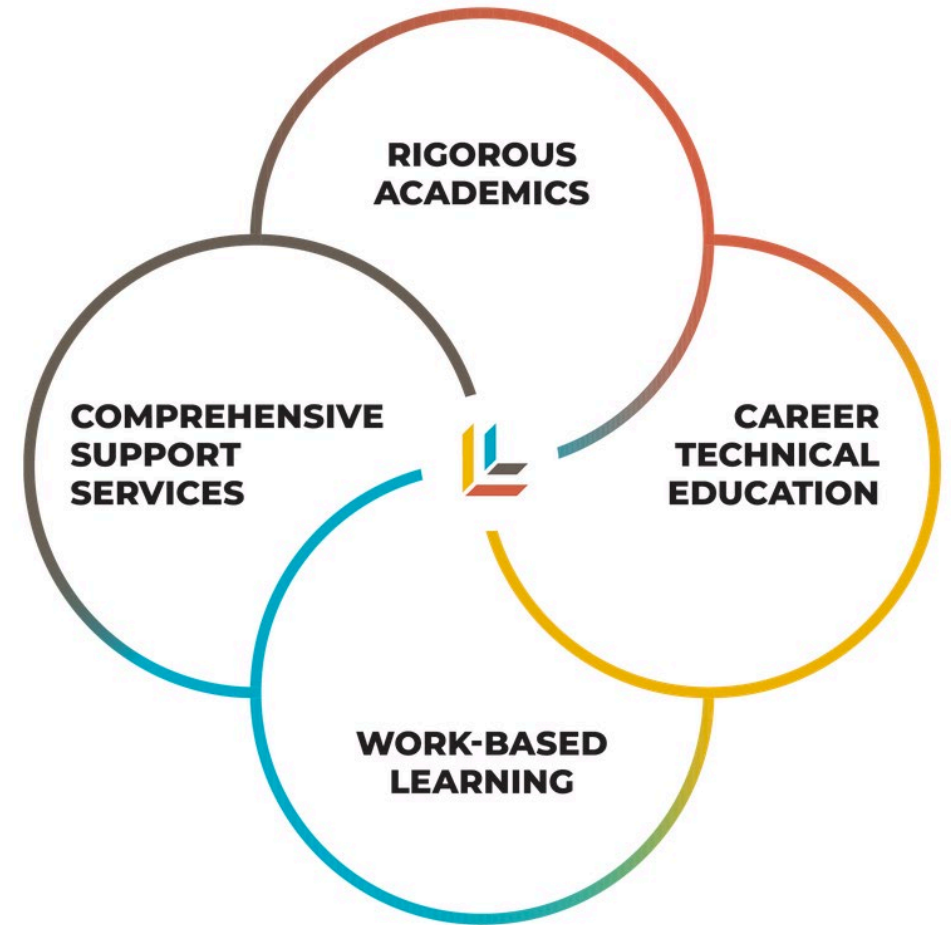
- Career academies

Develop new resources

- “Linked Learning”

Build on state resources

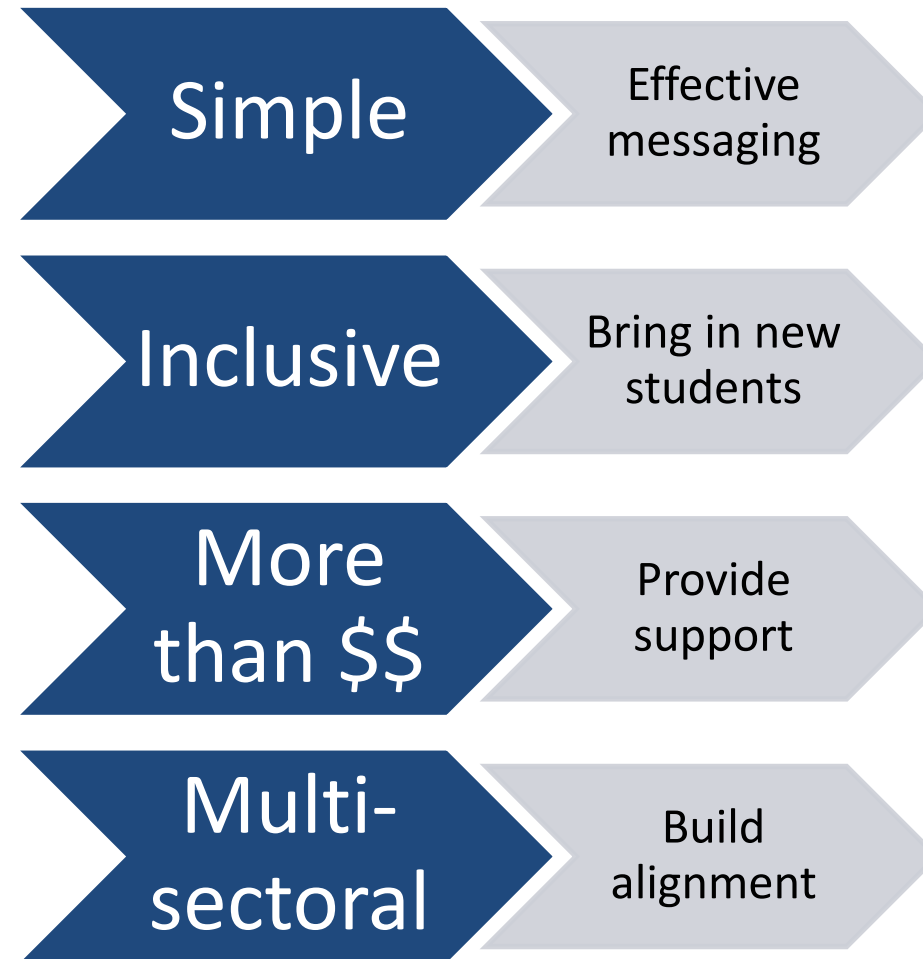
- Dual enrollment/Early middle college



Place-based college scholarships

- Tuition-free college in 126 communities and 20+ states
 - Local: Arkansas (6), Illinois (7), Kentucky (6), Missouri (1)
 - State: Arkansas, Kentucky, Tennessee
- Program design and per-student cost vary
- Last-dollar programs in high-poverty school districts have low costs but bring benefits to low-income students
- Can prompt alignment between post-secondary institutions and area/state employers

Effective Promise Programs are...



Comparison of Delta Promise Programs

	AR Future Grant	Work Ready Kentucky	Tennessee Promise	Tennessee Reconnect
Students served	All HS graduates	All HS graduates or dual-enrolled students	All HS graduates	All adults without degrees
Programs of study	Degrees/certificates in STEM or regionally high-demand fields	Degrees/certificates in healthcare, advanced manufacturing, construction/trades, IT/business/logistics	Degrees/certificates offered by cc's, TCATs, and some 4-year institutions	Degrees/certificates offered by cc's, TCATs, and some 4-year institutions
Student support	Mentorship		Mentorship	Navigators
Other requirements	Community service, stay in state for 3 years, be employed in 6 months		Community service	

Demand-based job training

Are there low-cost ways to replicate gold-standard programs?

Project QUEST (San Antonio, TX)

- Comprehensive support to low-income adults for cc-based training and placement in high-demand jobs
- Increases degree completion and earnings; earnings gains far outlast program
- Expensive but positive returns
 - [Nine-year evaluation](#) (June 2020)
- Connected to area employers (highest gains in health care)

Part 3:

Linking Local Jobs and Jobseekers

Public-Private Training Partnerships

P-Tech

“In a P-TECH school, students earn a high school diploma, an industry-recognized associate degree, and gain relevant work experience in a growing field.”

- in Baton Rouge already!
- Initial cohort (NYC) more than 4x as likely to get AA by age 20, most hired into full-time positions by business partners

Area employers collaborate with local workforce agencies for learning while doing

- Upjohn evaluations have found apprenticeships can boost long-term average annual earnings by \$14K—easily paying back their costs

Apprenticeships

Customized Job Training

Third-party (CC, nonprofit, other training org.) provides low-cost worker screening and/or training services for individual firms (or narrow industry)

- e.g., Per Scholas, STRIVE, Opportunity@Work
- When part of economic development plans, leads to more local hiring of underemployed

Bringing Tech into Employment Services

Existing job search apps not geared for entry-level jobs

→ Create customized app for people coming to one-stops

- Intake on skills, job history, prefs
- Automatically returns real-time quality job matches

Pilot and program evaluation underway

- **BONUS: Can piggyback on place-based scholarships when more training is needed**

The screenshot shows the NextUp Jobs website interface. At the top, there is a dark blue header with the user's email address 'Hello bryanastuart@gmail.com'. Below the header is the NextUp Jobs logo and navigation links for 'MY JOBS', 'About NextUp', and 'Logout'. The main content area is titled 'My NextUp Jobs' and includes a sub-header: 'Based on your background and responses in our survey, these occupations are a good match for you.' Below this, there are three job recommendation cards. Each card displays the job title, a brief description, predicted job growth, and average hourly wage. The first card is for 'Electrical Power-Line Installers and Repairers' with a predicted growth of 'Average job growth predicted' and an average wage of '\$29/hour'. The second card is for 'Plumbers, Pipefitters, and Steamfitters' with a predicted growth of 'Fast job growth predicted' and an average wage of '\$27/hour'. The third card is for 'Electricians' with a predicted growth of 'Fast job growth predicted' and an average wage of '\$27/hour'. Each card also includes a 'LEARN MORE' button and a 'jobs viewed' indicator.

Hello bryanastuart@gmail.com

nextupjobs

MY JOBS About NextUp Logout

My NextUp Jobs

Based on your background and responses in our survey, these occupations are a good match for you.

Electrical Power-Line Installers and Repairers

Install or repair cables or wires used in electrical power or distribution systems.

⚡ Average job growth predicted

💰 You could earn **\$29/hour** on average

👁️ 2 jobs viewed [LEARN MORE](#)

Plumbers, Pipefitters, and Steamfitters

Assemble and repair pipelines or pipe systems that carry water, steam, air, or other liquids or gases.

⚡ Fast job growth predicted

💰 You could earn **\$27/hour** on average

👁️ 1 jobs viewed [LEARN MORE](#)

Electricians

Install, maintain, and repair electrical wiring, equipment, and fixtures.

⚡ Fast job growth predicted

💰 You could earn **\$27/hour** on average

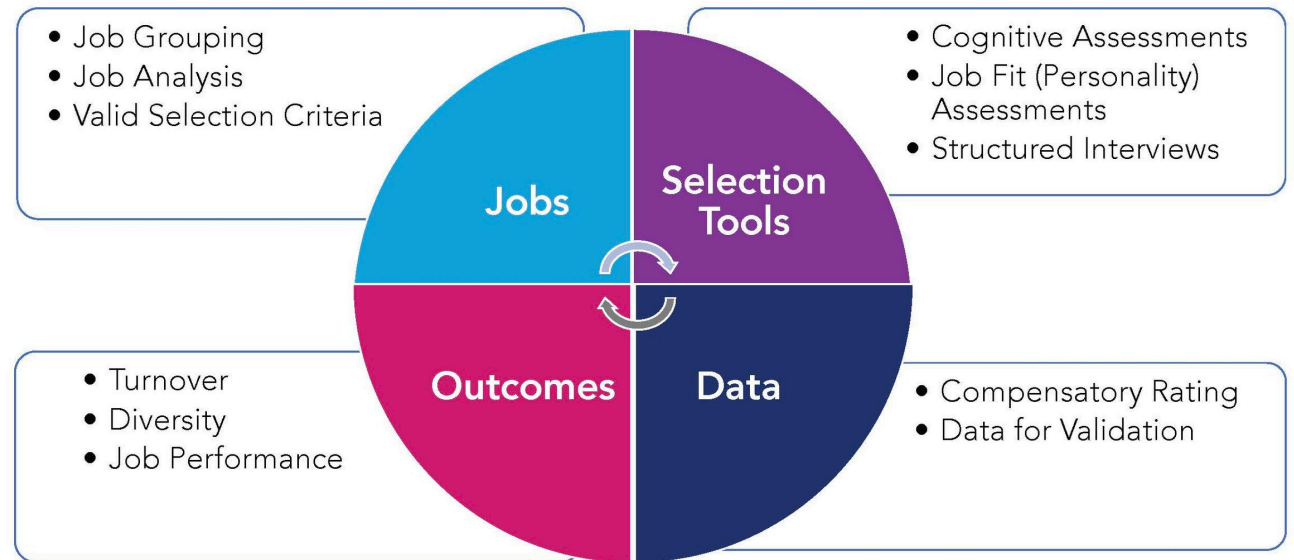
👁️ 0 jobs viewed [LEARN MORE](#)

HireReach

HireReach is evidence-based hiring, pioneered in West Michigan

- Several business partners, with consultants and User's Group
- Early studies find:
 - 23% ↓ in 1st-year employee turnover
 - 16% ↓ in time to hire
 - 2x minority share of hires
- Find more at hirereach.org

Evidence-Based Selection | Better Decision Making



Neighborhood Hubs

Hubs offer wrap-around services in underserved neighborhoods

- Employment services, but also help with transportation, childcare, clothing/equipment, business etiquette
- Holistic assessment of worker needs and goals by trained staff who live in the neighborhood → relationships built on trust

Hubs also integrate business needs

- Business services coordinator from workforce development agency aligns services with local employer needs
- Employers agree to hire workers with challenges *because* they know Hub staff will help address them

