

“Earn and Learn” Job Training Strategies

Recommendations for Federal Job Creation Legislation

April 2010

The federal government has taken a number of important steps to stimulate job growth and economic recovery over the past two years, including passage of the American Recovery and Reinvestment Act (“Recovery Act”), and Congress is expected to consider several additional “jobs bills” in the coming months. While job creation must remain a priority, policymakers must also make certain that any jobs legislation includes provisions to ensure that all workers, regardless of skill level, can take advantage of emerging job opportunities.

This need is particularly urgent for the low-skilled adult workers and youth who have disproportionately borne the brunt of the current economic crisis. The challenges facing these populations are daunting. The national unemployment rate for adults without a high school diploma is 15.6 percent, more than three times the rate for individuals with a bachelor’s degree, and more than 90 million Americans lack the basic skills or credentials to get and keep family-supporting jobs. At the same time, one quarter of all individuals age 16-19 eligible for participation in the labor market were unemployed in February 2010; for African-American and Latino youth, the unemployment rates are 42 percent and 31.6 percent, respectively.

To ensure that these individuals are not left out of economic recovery efforts, lawmakers should work to connect new employment opportunities with access to training and education, allowing these workers to earn a paycheck while developing the skills necessary to transform short-term jobs into longer-term career pathways. Under current law, there are three proven “earn-and learn” models that can help achieve these objectives:

(1) Subsidized Employment under the Temporary Assistance for Needy Families (TANF) Emergency Fund

The Recovery Act established an Emergency Fund under TANF, reimbursing states for increased expenditures for certain activities, including the creation of subsidized jobs for low-skilled workers. Despite extraordinary fiscal challenges, more than 30 states have implemented—or will soon implement—subsidized employment programs, which are expected to place about 160,000 low-income individuals, mostly in private-sector jobs. However, the Emergency Fund expires in September 2010, meaning Congress must act immediately to reauthorize and fund this program to ensure that these job creation activities are not disrupted.



The Small Business and Infrastructure Jobs Tax Act (H.R. 4849), passed by the House on March 24, would extend the Emergency Fund for one year, and provide \$2.5 billion in additional funding to support subsidized employment and other critical activities. Congress should pass this or similar legislation to ensure low-skilled workers can take advantage of these employment and training opportunities.

(2) On-the-Job Training (OJT)

Under the Workforce Investment Act (WIA), employers are eligible to receive a wage subsidy of up to 50 percent of a new employee's wages if they agree to hire and train that employee over a specific period of time. Employers can minimize the upfront costs of training and supervising new employees, while workers are able to earn a paycheck while developing the skills to perform effectively and advance their careers. The latest U.S. Department of Labor data indicates that nearly 90 percent of individuals hired through OJT programs are still employed a year after exiting the program, while a recent survey in Pennsylvania found that nearly 80 percent of employers would definitely or potentially be more inclined to hire workers if they had access to a well-designed OJT program.

The Local Jobs for America Act (H.R. 4812) would provide \$500 million to support up to 50,000 private sector OJT positions. Congress should pass this or similar legislation, and work to ensure that dedicated OJT funding is administered in a manner to maximize efficient use of federal dollars.

(3) Summer Youth Employment Programs

The Recovery Act included \$1.2 billion in youth formula grant funding under WIA to support summer youth employment programs, allowing more than 310,000 young people between the ages of 16-24 to earn an income while receiving valuable work experience and job training opportunities in 2009. With summer now less than three months away, states and localities must begin planning immediately in order to successfully implement these programs in 2010. Recent efforts to fund these programs include the Murray-Kerry amendment to the "American Workers, State, and Business Relief Act" (H.R. 4213), which would have provided \$1.3 billion in additional funding, and the "Disaster Relief and Summer Jobs Act" (H.R. 4899), which would provide an additional \$600 million in funding. Congress should act quickly to support new funding for Summer Youth Employment Programs.