# The Economics of Workforce Mobility in the US

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#### Categories of Workforce Mobility

- Moves across Occupations and Industries fueled by higher demand and higher earnings in other fields – e.g., health care, advanced manufacturing, IT, transportation/logistics, hospitality, protective services, construction (mining) – requires education or training at higher education institutions or on the job (work-based learning – e.g., apprenticeship)
- Moves across Geographic Areas fueled by higher demand or earnings in other states/regions and especially with key sectors booming

#### Economic Model of Mobility: Investment

- Benefits: Present discounted value of earnings/productivity gains over time for workers and firms
- Costs: Financial cost of education/training/geographic move plus foregone earnings/productivity
- To be successful: Requires information (both students and employers, about labor market and programs), access to liquid capital, ability to temporarily forego earnings, low barriers to geographic mobility

## Limits to Successful Investments in Mobility: Market Failures and Inequities

Market Failures:

- Poor information on labor market and education/training opportunities – too little data, assistance and guidance
- Capital market failures/constrained liquid assets
- Public institutions: Limited resources and incentives, limited guidance for students
- Private for-profits: Too few protections for students, market value
- Firms: Startup costs and complications, coordination costs
- States: Licensing requirements as barriers to mobility

## Limits to Successful Investments in Mobility: Market Failures and Inequities (Cont'd)

Inequities:

- Weak academic preparation, information, social capital
- Access to liquidity Rising debt
- Pressure to work full-time
- Employer reluctance to invest

#### Some Empirical Facts

- Sub-BA credentials with labor market value: AS/AAS, occupational AA, certificates (technical or in high-demand fields)
- Students: Low completion rates in high-value fields, high debts relative to earnings
- Rigorous evidence on programs that work e.g., sector-based programs (Per Scholas, Quest, VIDA, Year Up) but low in scale
- Declining labor market dynamism over time job turnover, geographic mobility

# Additional Complication: "Shocks" Over Time that Change Patterns of Demand

- Shocks: Driven by Technology/Automation and Globalization, captured in new products or production techniques
- Require reinvestments in education/training or relocation for those who have already invested
- Also creates uncertainty about value of investments
- Role of General (21<sup>st</sup> Cenetury) and Specific Skills –right balance
- Also: Lifelong Learning?

#### Policies that would Help

- Data plus academic/labor market counseling
- Balance of general and specific training
- Supports and services for low-income students (ASAP, Stay the Course)
- More financial support for low-income students reforms in HEA, Title IV assistance
- Targeted resources to public institutions plus stronger accountability
- Regulation of for-profit institutions
- Incentives and assistance to expand work-based learning; experiment with simpler models
- Reducing other barriers e.g., state licensing requirements
- Lifelong Learning Accounts (Maine, Washington)