

# Workforce Development and Rental Policy: How Can What We Know Inform Next Steps?

Presented by:

Julia Lane, University of Chicago

November 15, 2006



# Workforce Development

## Labor Supply Side

EITC

Training and placement

Counseling/transportation/childcare

## Labor Demand Side

Enormous turbulence in both job and worker flows

=> ephemeral nature of work for low-wage workers

=> Impact on annual earnings and scarring

Existence of "High wage" and "Low wage" firms

Heterogeneity and persistence in hiring and retention of low-wage workers



## More on Labor Demand

Turbulence high, idiosyncratic but pervasive. In any given quarter, about one in *four* job matches either begins or ends, one in *thirteen* jobs is created or destroyed and one in *twenty* establishments closes or is born

### Hiring and retention idiosyncratic and persistent

In retail trade about one in four of low earners hired by ten firms; in the financial services, roughly a fourth to a third by ten firms; in several other industries (including hotels and personal services), the ratio gets as high as one-half in some states.

### Heterogeneity and persistence across firms in “escape” from low-wage work

In some firms all low-wage earners escape low-wage status  
In other firms, none do



<b>The Big Losers</b>			
SIC Sector	Different From Average	Who You Are	Who You Work For
58 Eating and drinking places	-43%	-10%	-37%
88 Private households	-36%	-25%	-16%
1 Agriculture-crops	-34%	-12%	-26%
79 Amusement and recreation services	-32%	-7%	-28%
72 Personal services	-32%	-11%	-24%
70 Hotel and lodging services	-30%	-14%	-20%
78 Motion pictures	-29%	-7%	-25%
53 General merchandise stores	-26%	-3%	-24%
2 Agriculture-livestock	-25%	-13%	-14%
56 Apparel and accessory stores	-25%	1%	-26%
83 Social services	-24%	-14%	-12%
59 Miscellaneous retail	-24%	-1%	-24%
54 Food stores	-24%	1%	-25%

Source: Abowd, Kramarz, Lengermann and Roux (2002)

<b>The Big Winners</b>			
SIC Sector	Different From Average	Who You Are	Who You Work For
62 Security, commodity, brokers and services	79%	32%	37%
67 Holding and other investments	61%	29%	26%
46 Pipelines, except natural gas	57%	4%	54%
48 Communication	55%	3%	50%
49 Electric, gas and sanitary services	50%	2%	48%
28 Chemicals and allied products	47%	11%	34%
81 Legal services	43%	14%	26%
12 Bituminous coal mining	40%	-26%	93%
61 Credit agencies other than banks	36%	14%	20%
63 Insurance carriers	35%	10%	24%
37 Transportation equipment	30%	-1%	32%
87 Engineering, accounting, research services	29%	9%	18%
38 Instruments and related products	27%	6%	21%

Source: Abowd, Kramarz, Lengermann and Roux (2002)



# Implications For Next Steps On Rental Policy

## Basic finding

Jobs with high wage, low turnover firms critical to escape from low-wage status. Rental policy can have impact through

- the supply side (incentives and the geographic distance to jobs)
- the matching of workers and jobs (through social networks)

## Approach

Capture information about demand side

- Administrative records

- On the Map application at Census Bureau/LEHD

- On the ground experience about “good” employers

Incentives

- Income based

Geographic

- Transportation (public and carpooling)

Matching

- Develop better information networks

- “snowballing” of employers

