



EMPLOYMENT & TRAINING REPORTER

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Washington, November 12, 2007

Appropriations

A spending plan headed for the president's desk represents some belt-tightening and a **scaled-down version of a take-back of currently available funds**, but offers funding gains for many targeted programs and local workforce projects.....149
Tables160

Ticket to Work

In March, the Social Security Administration will be **"relaunching" the Ticket to Work** program as long-awaited reforms meant to entice service providers are finalized, according to federal officials.....149

Urban Programs

The United States is a **"Metro Nation,"** according to a Brookings Institution scholar, and its top 100 cities are the likely places for policymakers to find the engines of future prosperity.....150

Trade Adjustment Assistance

The **federal-state accrual vs. cash accounting squabble** that has dogged WIA spending has spilled onto the Trade Adjustment Assistance program as a Government Accountability Office finding shows smaller overall unspent balances than the administration reported to Congress151

Economic Outlook

A review of three business cycles going back to the 1980s shows that **"good jobs" — de-**

Bulletin Board: 148

fined as paying at least \$17 an hour with benefits — have been progressively decreasing as a proportion of all employment available.....153

Farmworkers

If grocers charged pennies more on the dollar for fruits and vegetables, **farmworkers' wages would be much more competitive**, says an economist who doubts there is a labor shortage.....154

Welfare Reform

A British cabinet member said that public assistance in the U.K. and the United States **moved from welfare benefits to work encouragement, but took "a different view"** of the 1996 U.S. reform's specifics155

Regulations

Unemployed persons who worked in several states would **no longer be able to shop for the state benefit** most suitable157

Program Strategies

The firm of **Abt Associates** won a federal contract to lead an evaluation of employment and self-sufficiency programs157

Vendors

Affiliated Computer Services, Inc., is in disarray following the loss of a purchase bid and the resignation of five directors.....157

Adult Education

California is set to spend **\$33.1 million to improve the outcomes** of community college remedial and adult education158

Bulletin Board

ANNOUNCEMENT

JOB CORPS — Esther Johnson, national director of Job Corps, announced in the Nov. 6 *Federal Register* her agency's final finding that the proposed construction of a new Job Corps center north of Roosevelt Highway between Washington Road and Interstate 285 in College Park, Ga., will not have a significant adverse impact on the environment.

CONGRESS

House Bills Introduced

JOB CREATION — HR 4058, the Maximizing the Use of Federal Funds for Job Creation Act of 2007, which would allow states registering joblessness at 125 percent of the national unemployment rate or higher to transfer monies from the Highway Trust Fund for interstate maintenance, surface work and highway bridge replacement and rehabilitation, was introduced by Rep. Peter Hoekstra (R-Mich).

YOUTH — HR 4067, providing grants to colleges to improve remedial education (including English language instruction), to customize remediation to student career goals, and to help students move rapidly from remediation into for-credit courses, was introduced by Rep. Lynn Woolsey (D-Calif).

HIGHER EDUCATION — HR 4075, amending the Higher Education Act to expand college access and increase college persistence, was introduced by Rep. Joe Courtney (D-Conn).

GRANTS

WILDFIRE RECOVERY — Victoria Bradshaw, California secretary of labor and workforce development, applied for a national emergency grant to help employ 3,000 people who lost jobs in recent Golden State fires and to help with cleanup, restoration and humanitarian and community service, according to an Oct. 31 announcement from the California governor's office. The Department of Labor approved the grant and began disbursing the first \$16.7 million out of a total \$50 million grant.

YOUTH OFFENDERS — The Department of Labor announced awards of \$20 million to 16 organizations, out of 109 that vied for funding, offering career training, alternative education and apprenticeships to youth and young adults who either have been adjudicated by or are at risk of facing the justice system. Award-winning projects fall into three categories: apprenticeship opportunities, alternative edu-

see BULLETIN BOARD, p. 159

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Current National Developments

Appropriations

CONFEREES' SPENDING PLAN REDUCES E&T RESCISSION

A spending plan headed for the president's desk presents some belt-tightening for the employment and training system with less new money and a scaled-down version of a take-back of currently available funds. However, the bill offers funding gains for many targeted programs and directs monies to local workforce projects.

House and Senate negotiators released their final spending bill for the Departments of Labor, Health and Human Services and Education late in the evening on Nov. 5. It passed the House the next afternoon and the Senate the day after that. However, a procedural issue sent the measure back to the House at deadline.

Perhaps the biggest surprise in the workforce development arena is that the final spending plan includes a rescission of currently available funds — though not to the tune of \$335 million as requested by the Bush Administration. The plan would take back \$245 million of previously appropriated workforce development funding, albeit “in a manner that will minimize burdens on states and local areas.

The bill fends off many of the fairly drastic cuts proposed by the Bush Administration across workforce development, social services and education, but still trims spending, especially for WIA Title IB programs and the Employment Service (see tables starting on p. 160).

Targeted workforce programs, such as Job Corps, Youth Build, the Veterans' Employment and Training Service and the Senior Community Service Employment Program, would see small gains, as would adult and technical education programs and college access programs.

The community services and child care block grants would also be funded slightly above current levels.

Lawmakers have added about \$25 million to the Employment and Training Administration's pilot, demonstration and research program piggy bank, currently funded at about \$30 million. However, a close look at the bill shows lawmakers are using this account to earmark funds. The measure directs about 150 grants ranging from \$75,000 to \$2.4 million to specified local workforce projects across the country, restricting the executive branch's discretion in handing out funds. Recipients range from community colleges to community-based organizations to city workforce offices to unions.

President Bush has cited the earmarks as one of his reasons for vowing to veto the bill.

The White House threat prompted House and Senate conferees to merge the Labor-HHS-ED appropriations bill with legislation funding military construction and the Department of Veterans Affairs with. Spending proposals in these other areas had not, on their own, drawn a veto threat.

The move did not cause Bush to back down, however, although a White House policy statement added that the administration would support the veterans bill if it landed on Bush's desk unencumbered by workforce, education and social services spending.

In the House, the vote on the final spending plan was 269-to-142, with 11 Republicans and 11 Democrats not voting. Forty-seven GOP members supported the bill.

The vote tally would be short of the two-thirds required to override a veto. House Democrats would need to hold all the votes on their side of the aisle as well as win over at least six of the nonvoting Republicans to prevail over the White House. In the Senate, the bill passed on a 56-to-37 vote, again short of the majority needed to triumph over the president.

Senate Republicans, however, forced the majority to sever the Veterans Affairs provisions from the Labor-HHS-ED bill, forcing the House to reapprove the stand-alone legislation a second time. This step had not occurred by deadline, but was expected in short order.

Given the lack of veto-proof majorities, observers expect Labor-HHS-ED appropriations to be back on the drawing board soon. The current continuing resolution, which keeps spending at FY 2007 levels, runs out this Friday, Nov. 16.

—Ryan Hess

Ticket to Work

NEW RULES LEAD TO 'RELAUNCH'

In March, the Social Security Administration will be “relaunching” the Ticket to Work program as long-awaited reforms meant to entice service providers are finalized, according to federal officials.

Originally rolled out in 2002, SSA's premier disability benefits-to-work program has been slow going in the trade of vouchers for employment and rehabilitation services.

Over the past five and a half years about 10.3 million disability beneficiaries have been issued Tickets to Work, essentially vouchers inviting them

to seek services funded by the Social Security Administration.

About 183,500 individuals have thus far traded their Tickets for services, yet only about 3,400 have met with enough success in employment to qualify the service providers who have assisted them for payments from the federal benefits agency.

Ticket to Work relies on service providers and disability beneficiaries agreeing to work together until beneficiaries reach a level of employment that will eventually remove them from the rolls. A key dynamic at play in the scheme is that service providers are paid for their efforts only when beneficiaries achieve certain employment outcomes.

In September 2005, SSA proposed regulations meant to enliven the Ticket program by increasing the payoff for service providers. The long-awaited changes will increase the potential amount that service providers can earn for helping disabilities beneficiaries work, accelerate the program's installment-based payment structure and lower expectations for customer outcomes.

Bogged Down

Since 2005, the regulatory process has bogged down. Appointees who have since left the agency thought the new rules would be in effect months ago.

This late in the game, SSA officials say they now plan to relaunch the program next spring.

At a Nov. 1 meeting of the Ticket to Work and Work Incentives Advisory Panel, Sue Suter, associate commissioner for employment support programs, said the program relaunch — essentially a marketing effort — will likely take place at the "Ticket Partners Summit," a conference coming up in March in Louisville, Ky.

The agency's contractors have been working over the past few months to attract more service providers to sign on with the program as "employment networks" and to draw in strategic partners to support them.

The idea for the event is to bring new and existing partners together to learn about how the program will operate under the new rules, Suter said.

She added that special outreach is being directed to the workforce development system and veterans groups that cater to soldiers who return home with disabilities.

Provisions that have been proposed as part of the new regulations, by the way, would simplify the process that one-stop career centers and other workforce agencies must go through in order to become employment networks (ETR 8/20/07, p. 715).

SSA is readying its own internal processes so that management aspects of the program, such as paying providers in a timely fashion, run smoothly under the new rules, according to the administrator.

"We are going full tilt to be ready to implement this when the new regulation come out," Suter said.

While the March conference will mark the relaunch of the program, officials are less certain precisely when the new regulations will become effective.

An SSA staffer told MII that officials "hope" to issue final rules at some point prior to the event, but from the date that this occurs there will still be a 60-day wait before the rules go into effect because of the sizable federal budget impact the new policies might bring.

The regulatory process was prolonged long after the first set of new program policies was proposed in 2005 as officials realized that they had overlooked a provision of the program that requires beneficiaries to show progress toward work — in the form of earnings — within three years of a Ticket being assigned to a service provider.

This is known as a "Ticket in use" policy, and some program stakeholders feared it might force beneficiaries pursuing higher education to drop out and work, try to work while in school, or risk a review of their disability status.

Hence, a second set of proposed rules was issued in August, which ended up also including the registration provisions for workforce development agencies.

This second set of rules went over fairly well with 37 organizations that chose to review them and submit comments, and most of the suggestions they made are being incorporated into the program's final set of operational policies, Suter said.

At the moment, she added, SSA Commissioner Michael J. Astrue is demanding weekly progress reports from the Income Support Programs division on how the regulations are coming together.

"This is such a high priority," Suter said.

—Ryan Hess

Urban Programs

'METRO NATION' SEEN NEEDING FUTURE PROSPERITY AGENDA

The United States is a "Metro Nation," according to a Brookings Institution scholar, and its top 100 cities are the likely places for policymakers to find the engines of future prosperity.

"We are a full-fledged 'Metro Nation' and need to change our mental map of the United States, from a union of 50 states to a network of 363 highly connected, hyper linked, and economically integrated metropolitan areas," declared Brookings Vice President Bruce Katz at the Nov. 6 launch of the think tank's Blueprint for American Prosperity.

Or as former San Antonio Mayor Henry Cisneros put it at the event, "76 percent of the nation's jobs are in the 100 largest cities, 65 percent of the people live in the 100 largest cities and 76 percent of the [gross

domestic product] comes from the 100 largest cities.”

“Changing times demand a new federal partnership with state, local and private sector leaders to strengthen metropolitan economies, build a strong and diverse middle class and grow in environmentally sustainable ways,” said Katz, founding director of the Brookings Metropolitan Policy Program, under which the effort has been developed.

Windy City

Taking as an example Chicago, “a humming, thriving economy with a population of 9.5 million people spread over 3 states, 1 major city, 6 satellite cities, 14 counties and 554 separate municipalities and townships,” Katz noted that while the past focus has been on the differences between these jurisdictions, the distinctions “melt away” under the economic magnifying glass.

The assets “Chicagoland” needs to compete nationally and globally include major employment hubs, key colleges and universities, major hospitals and health care facilities, a network of parks and green space, and the air, rail and transit and road network needed to move labor and goods.

The cumulative impact of these assets is stunning.

The Illinois portion of the Chicago area contributes 78 percent of the state’s economic output but houses only 67 percent of the population.

“Incredibly, 93 percent of the state’s economic output is generated by the state’s 11 metropolitan areas,” Katz remarked. “Illinois is a Metro State. Chicago’s story is a fairly typical American narrative.”

Brookings described the “blueprint” as a multiyear initiative to promote a U.S. economic agenda that builds on the assets of metropolitan areas and give cities, suburbs and metro areas “the tools they need to leverage their economic strengths, grow in environmentally sensitive ways and create opportunities to build a strong and diverse middle class.”

So far, the basis of the agenda, *MetroNation: How U.S. Metropolitan Areas Fuel American Prosperity*, represents initial insights developed by Katz team member Alan Berube, research director and fellow at the Brookings metropolitan program, under the guidance of a council composed of three foundations (Annie E. Casey, Rockefeller, and John D. and Catherine T. MacArthur), eight corporations (Allstate, DST Systems, Bank of America, Fannie Mae, Cherokee Investment Partners, H&R Block, Countrywide Financial and Next Street Financial) along with eight executives.

Katz’s team arrived at their conclusions by examining what he described as “stark challenges” to the U.S.’ “enviable position.” He noted that the \$13.2 trillion U.S. economy remains the world’s largest “by far,” one in which 5 percent of the world’s population generates 20 percent of the world’s economic

output, a situation that compares well with competitor nations, including China, Germany and Japan.

However, the entry of Brazil, China, India and Russia into the “mainstream” capitalist economy has doubled the labor market since 1980. Since 1970, he added, the share of the U.S. labor force working in manufacturing has gone from 25 percent to 10 percent, and service industries now employ more than two-thirds of all U.S. workers.

“While this shift has enabled many Americans to be employed in high-value service sectors such as finance, consulting and legal, many more are employed in lower-skill, low-paying niches such as hospitality, child care and food services,” Katz said. “Our people are anxious and uncertain about the nation’s economic future ... and rightly so.”

Moreover, the pattern of development poses environmental challenges and questions about the sustainability of growth.

“Our sprawling patterns of development help explain why the U.S. continues to rank first among major world economies in per-capita carbon dioxide emissions with roughly double the emissions rate of the United Kingdom and Germany,” Katz stated. “To prosper, our nation must leverage four key assets — innovation, human capital, infrastructure and quality places — that principally concentrate in metropolitan areas.”

Fun Facts

To highlight the contribution of cities, Katz anticipated Cisneros by noting that the top 100 metropolitan areas alone

- take up only 12 percent of our land mass but house 65 percent of our population and generate 75 percent of gross domestic product;
- produce 78 percent of all patents, 82 percent of health and science research funding and 94 percent of venture capital funding;
- gather 74 percent of adults with a college degree, 75 percent of workers with a graduate degree and 76 percent of all knowledge economy jobs;
- handle 72 percent of all seaport tonnage, 79 percent of all U.S. air cargo weight and 92 percent of all air passenger boardings; and
- are home to 79 percent of performing arts establishments, 90 percent of our city populations and 95 percent of public transit passenger miles traveled.

“Local and regional leaders are innovating to resolve these challenges, but they cannot go it alone,” he said. “A metro can focus on building its economic strengths, but its economy is profoundly influenced by federal monetary, trade, regulatory and investment policies.”

Pointing to human resources, Katz stated that “human capital is the raw material that furthers innovation and that education is the ticket to the middle class,” acknowledging that policies of the past built an enviable network of higher education.

“Yet federal education policy today is intensely compartmentalized, failing to draw the critical linkages between K through 12, college education and skills training,” he said. “America’s education pipeline is leaking, with the U.S. ranked 16th among industrialized nations on the share of individuals who start and then complete higher education and with only 10 of every 100 African Americans and Latinos entering ninth grade earning a postsecondary degree.”

Katz’s answer is the blueprint. He noted that between the 1930s and 1950s a policy model of “a federal government sitting on top of a pyramid, raining down resources to states and localities” appeared to work. In the late 20th century the devolution of responsibilities out of Washington to states and localities occurred often without sufficient resources.

“We now need a 21st century compact, a shared partnership which reflects the distinctive realities of our moment: fast moving, supercompetitive, volatile and metropolitan led,” he asserted.

The plan is to develop policies aiming to

- make work pay for low-wage workers;
- replicate the best examples of urban school reform;
- achieve higher levels of educational attainment;
- integrate immigrants into the mainstream of American life;
- increase the supply of workforce housing;
- improve transportation within and across cities; and
- make energy efficiency in homes part of the solution to climate change.

✓ *MetroNation: How U.S. Metropolitan Areas Fuel American Prosperity* by Alan Berube, Brookings Institution, 1775 Massachusetts Ave, N.W., Washington, D.C. 20036; phone (202) 797-6000; download the report from www.brookings.edu/reports/2007/1106_metronation_berube.aspx.

—Cecilio Morales

Trade Adjustment Assistance

GAO FINDS SMALLER UNSPENT BALANCES THAN ETA REPORTS

The federal-state accrual vs. cash accounting squabble that has dogged WIA spending has spilled onto the Trade Adjustment Assistance program as a Government Accountability Office finding shows smaller overall unspent balances than the Employment and Training Administration reported to Congress.

The congressional watchdog agency found that states had about \$173 million available to them in current and prior year carryover funds, in contrast to \$453 million that ETA officials had testified to earlier in the year. Early this month, GAO released a

brief written for the Committee on Ways and Means answering questions concerning the ETA officials’ claim.

In congressional hearings this year, the issue of whether states have sufficient TAA funds available to them became a matter of debate.

GAO reported that states vary significantly in their TAA spend-down rates. The allotment formula ETA uses provides new funds to some states that have not shown a need for them in years even though other states have used up much of their funding, GAO said. ETA officials maintain that the same formula includes a reserve that any state can tap if its TAA account runs half empty (ETR 6/11/07, p. 571).

To follow up on these exchanges, GAO was asked to examine how much money states had available for TAA training as of March 31 of this year — the midpoint of fiscal year 2007. That yielded the current discrepancy.

ETA officials argue that the difference between their figure and GAO’s is not the fruit of an apples-to-apples comparison. GAO’s analysis subtracts funds states have obligated to be spent from their accounts rather than only what they have actually spent, which is the administration’s preferred method of bean counting.

When to Book Costs

The new report adds a wrinkle to the well-established difference of opinion.

Since TAA funds are often used to pay for relatively long-term training, whether states obligate funds to cover all semesters of a program when a participant enrolls, or just the first session, acquires particular significance.

In a telephone survey of 45 states, GAO found that about two-thirds of them obligate only a portion of their expected training costs, typically the bills they would receive for tuition during the current fiscal year.

One-third of states reported taking a different route in their budgeting, obligating the entire cost they expect to assume for a participant. In other words, if a participant begins a two-year program, they set aside enough funding to cover it all, not just the semester in which a participant is currently enrolled.

In a written response to the report, Assistant Secretary for Employment and Training Emily DeRocco takes particular issue with this practice.

“Actual data provided by the states show that approximately 72 percent of training participants complete their programs; therefore, obligations for the full costs of training for those who do not complete (28 percent of participants) will never materialize,” DeRocco writes.

If GAO wants to point out that states had only \$173 million left halfway through FY 2007, count-

ing obligations, DeRocco adds that they only actually spent \$159 million in all of FY 2006.

GAO analysts express no preference for the partial or total obligation of projected training costs in their review, though they do add that almost all state officials said they monitor training enrollments, often by checking attendance records, so that they know when someone has dropped out and they can deobligate the funding set aside for their tuition.

DeRocco questioned whether a telephone survey of state officials is an adequate way of monitoring their management practices.

“We agree that a comprehensive evaluation should occur and believe that such an effort should be part of Labor’s oversight and monitoring program,” the GAO report says.

—Ryan Hess

Economic Outlook

FEWER ‘GOOD’ JOBS SEEN AVAILABLE IN 2006 THAN 1979

A review of three business cycles going back to the 1980s shows that “good jobs” — defined as paying at least \$17 an hour with benefits — have been progressively decreasing as a proportion of all employment available.

In the as yet unfinished business cycle (2000-2006), the share of good jobs fell 2.6 percentage points, writes John Schmitt, senior economist with the Center for Economic and Policy Research in Washington, D.C., in *The Good, the Bad, and the Ugly: Job Quality in the United States over the Three Most Recent Business Cycles*. Over a similar period in the business cycle running from 1979 to 1988, these jobs dropped 0.5 point and in the 1989-1999 cycle the decline was 0.1 point.

The culprit is not stagnating wages, Schmitt argues. “The driving force behind the decline in good jobs has been steep drops in the share of jobs offering health insurance and a pension plan,” he writes.

In the 2000s, Men’s share of good jobs has fallen 4.4 points so far, compared with a 3.4 point decline in the 1980s and a 1.9 point drop in the 1990s.

For women, the share has fallen 0.2 point in the 2000s, but Schmitt points out that “this reversed the trend in earlier cycles.” In the 1980s, women’s share gained 3.3 points and in the 1990s, the proportion increased 2.0 points. Women remained less likely to hold a good job, with 18.7 percent of women in such positions compared with 27.2 percent of men.

Schmitt chose to define a good job as one paying roughly \$34,000 a year in inflation-adjusted 2006 dollars, with health insurance benefits for which the employer pays a part of the premium and an employer-sponsored pension or retirement savings plan. A “bad” job would lack all three.

He studied the first six years of cycles starting from the low point of the annual unemployment rate (1979, 1989 and 2000).

The pay rate, he explains, matches the median hourly pay for men in 1979, as adjusted by inflation. “In 2006, about 55 percent of workers had no pension plan at their current job and about the same portion of the workforce was earning less than \$17 per hour,” he adds.

Schmitt found that good jobs remained relatively stable — between 25.0 percent and 23.1 percent of all workers — between 1979 and 2006. However, the overall trend masks an almost continuous drop in the share of men in good jobs — from 37.7 percent in 1979 to 27.2 percent in 2006 — largely offset by a rise of women in good jobs from 10.2 percent in 1979 to 18.7 percent in 2006.

Because 1979 was an employment high point compared to 2006, Schmitt compared each cycle, six years out. Good jobs accounted for 23.1 percent of workers in 2006, 23.4 percent in 1995 and 24.5 percent in 1985. The proportion of men in good jobs fell from 34.3 percent in 1985 to 29.9 percent in 1995 and 27.2 percent in 2006. For women, the ratio rose at the same points from 13.5 percent to 16.6 percent to 18.7 percent.

Analyzing wages by themselves, men lost, women gained. However, in the aggregate, good wages “rose modestly” over the 28-year period, from 37.1 percent in 1979 to 43.8 percent by 2006.

“A bleaker story” emerges in health coverage figures. The overall proportion of jobs with at least partially paid health coverage went from 61.5 percent in 1979 to 53.5 percent in 2006. The portion of working women with health insurance — whom Schmitt points out may have been covered by spousal plans — changed little, staying close to 50 percent every year. Men saw a “sharp decline” in health insurance coverage, from a peak of 72.1 percent in 1980 to 57.2 percent in 2006.

The trend in employer-sponsored retirement plan participation “was not a straight line,” Schmitt states. Between 1979 and 1987, pension coverage fell steadily for all workers — but especially for men — while from 1987 through the 1990s the rates rose steadily, especially for women. Schmitt speculates that these latter changes are “presumably reflecting the expansion over this period in defined-contribution plans.” Overall, coverage dropped from 48.7 percent in 1979 to 44.5 percent in 2006.

✓ *The Good, the Bad, and the Ugly: Job Quality in the United States over the Three Most Recent Business Cycles* by John Schmitt, is available from the Center for Economic and Policy Research, 1611 Connecticut Avenue, N.W., Suite 400, Washington, D.C. 20009; phone (202) 293-5380; Web: www.cepr.net.

—Cecilio Morales

Farmworkers

ECONOMIST QUESTIONS FARM LABOR SHORTAGE AS BILL MOVES

The newspapers say it all the time: “Fruit Rotting on the Vine,” because the local farmer can’t find workers. True or not, if grocers charged pennies more on the dollar for fruits and vegetables, and the industry passed the profits on to laborers, their wages would be much more competitive, according to an agricultural economist who contends that farm labor contracting is destabilizing the agricultural workforce.

Philip Martin, chair of the University of California’s Comparative Immigration and Integration Program, said he reads the anecdotes of crops wasting away because of a labor shortage again and again in the newspapers. He doesn’t deny that growers commonly find themselves wanting more workers when they need their crops picked.

“Someone can say they have a labor shortage when they want 30 workers and have only 20 available,” he said. “The real question is not whether they want something, but what they are willing to do about it.”

In a new paper, *Farm Labor Shortages: How Real? What Response?* Martin contends that, in the end, Americans can afford to pay a bit more for fruits and vegetables in order to make agricultural employment more attractive.

From the 1960s through the 1980s, the public employment service and organized labor played a significant role in helping growers meet their labor needs. In more recent years, the contribution these institutions make in matching workers to agricultural jobs has become “negligible,” replaced by farm labor contracting, which is contributing to imbalance in the labor force and lower wages, according to the agricultural economist.

Martin hypothesizes that one of the problems in U.S. agriculture is that farm labor contractors promise growers more workers than they are able to provide and often deliver them to work sites later than promised. But growers are unlikely on a large scale to turn back to the Employment Service or unions to meet their workforce needs because trailing behind either one is the shadow of regulation, he told MII.

Instead, many growers are calling for immigration reform and amnesty for unauthorized farmworkers. While the paper does not address these political issues, the Center for Immigration Studies — a self-proclaimed “pro-immigrant, low-immigration” think tank — released the analysis to reporters Nov. 5, as the immigration debate was again heating up again inside the Beltway.

The Senate was beginning a debate on a Farm Bill extension and some key Democrats proposed attaching the Agricultural Job Opportunities, Benefits, and Security Act to the larger piece of legislation.

AgJOBS, S 340, would provide unauthorized farmworkers with a path to citizenship and make a number of reforms to the H-2A agricultural visa program. While AgJOBS has had bipartisan support in years past, lawmakers on the far right and left of the immigration debate have recently become more vocal in their respective support for and opposition to the legislation, making it more of a partisan issue. Sensing this pressure, AgJOBS chief Senate backer Sen. Dianne Feinstein (D-Calif) decided against pushing the farmworker bill with the Farm Bill, but asked Senate leaders to consider giving AgJOBS its own up or down vote later in the year.

“Regardless of what happens with the legislation, this is still an important question,” Mark Krikorian, executive director of the Center for Immigration Studies, said of the question of a labor shortage. “We hear all the time that the crops are rotting in the fields.”

If one factor has held constant over the long-term shift in how agricultural jobs are filled and the recent increase in the perception that there is a labor shortage, it has been that agricultural workers make far less than workers in other sectors, Martin points out.

Bureau of Labor Statistics data on crop workers show that their wages have risen from \$5.23 per hour in 1990 to \$7.30 in 2002, about 40 percent wage growth over the time frame.

Wages for production and other nonsupervisory workers in the private sector rose faster, by 47 percent, from \$10.19 per hour, to just under \$14.95.

If there truly were an agricultural labor shortage, the laws of supply and demand would dictate more pronounced wage gains for farmworkers, Martin contends. Nevertheless, growers are planting more and more each year. Should the harvest be bountiful in a given year, they need to either embrace mechanization or find workers in order to be commercially viable, he said.

40 Percent Increase

Martin proposes that growers can afford to increase the wages of average field workers by 40 percent if the costs are passed entirely to the consumer, because farmworker wages make up only a small fraction of the retail cost of fruits and vegetables.

For every \$1 that is spent on apples or lettuce in the grocery store, farms receive about 20 cents, according to price spreads published by the U.S. Department of Agriculture’s Economic Research Service. Of those two dimes, only about 6 cents pays for labor costs in the fields. Since 40 percent of 6 cents is 2.4 cents, out of every dollar spent on produce consumers’ costs would increase 2.4 percent if nothing more were at play than giving workers a raise.

Given that the average family spends about \$357 per year on fruits and vegetables, according to BLS consumer spending data, the annual price hike for

families would be about \$8.57, “about the cost of a movie ticket,” according to Martin.

✓ The paper *Farm Labor Shortages: How Real? What Response?* is available from the Center for Immigration Studies Web site at www.cis.org, under the “publications” heading.

—Ryan Hess

Welfare Reform

U.K. MINISTER SEES SIMILARITIES, SCORES DIFFERENCES WITH U.S.

A British cabinet member acknowledged that the public assistance systems of Britain and the United States have both moved from welfare benefits to work encouragement, but pointedly took “a different view” of the 1996 U.S. reform’s specifics.

The view was offered by Peter Hain, British secretary of state for work and pensions, at a Washington, D.C., seminar on U.K. and U.S. approaches to employment and inequality. At the event a paper on communicating issues related to low-wage work was also unveiled.

“The move away from an ‘entitlement’ culture towards an expectation of work is a radical shift from the traditional welfare models of the 1970s found in both the U.S. and the U.K.,” Hain told an Oct. 25 audience of specialists assembled by the Mobility Agenda, a series of regional meetings, policy briefs, and briefings to highlight new ideas on improving low-wage work. “However, there are points of principle on which we would want to take a different view. For example, requiring lone mothers to work or train when their child is 12 weeks old, as in Wisconsin, would raise profound questions for us about the ‘best interests’ of the child.”

In referring to reforms by Gov. Tommy Thompson (R) in the 1990s, however, Hain said that the Badger State itself had “adapted” its model, rendering “the British opposition’s desire to import the model risible.” The Briton also added that the return in Wisconsin of “core functions around benefit entitlement decision making to the public sector ... underlines the unpopularity of putting benefit allocation in the hands of private companies.”

Hain also pointed to “concerns about the poverty impacts of the effective end to ‘entitlement.’” He cited the rise in Wisconsin’s poverty rate from 9 percent in 1994 to 11 percent ten years later, as well as a comparable national rise from 8.7 percent in 2000 to 10.2 percent in 2004.

“In the U.K., our Labour government has made a historic commitment to halving and then eradicating relative child poverty by 2020,” he declared. “I am conscious that the term ‘welfare reform’ may mean rather different things on either side of the Atlantic. For me, ‘welfare to work’ is about achieving our gov-

ernment’s key objectives of full employment, eradicating child poverty and social justice for all.”

Hain explained that a “consistent line” runs through the British view of the welfare system. That view started with Lord William Henry Beveridge, the British economist and social reformer whose 1942 report *Social Insurance and Allied Services* served as the basis in 1945 for Prime Minister Clement Attlee’s Labour government “cradle to grave” plan of social and health insurance, Hain said, “to today and Gordon Brown’s government.”

Not all was rosy throughout this period, Hain recalled. When he was elected to Parliament representing a South Wales mining district in 1991, he said, “I could see at first hand what a high price we had paid for the economic failures of the 1980s.”

In 1986 Britain had an unemployment rate of more than 11 percent, he said, and the highest level of child poverty of nearly all industrial nations.

“As unemployment increased so too did applications for disability benefits, hundreds of thousands were siphoned on to Incapacity Benefit in an attempt to disguise the true scale of economic inactivity,” Hain recounted. “The ‘sick note’ was cemented into the foundations of Britain’s economy.”

More Likely to Die Than Work

People who were “statistically more likely to die or retire than ever work again” were costing taxpayers £14.5 billion (roughly \$30 billion) annually.

“Over the last decade or so we have been able to reverse the trends on worklessness and poverty with the longest and most sustained period of economic growth for over 200 years with record levels of employment, low interest rates, low inflation,” Hain said.

The U.K. cabinet member said that 600,000 children had left poverty and 100,000 more “will follow” after new policies announced last month take effect. The benefits rolls have been reduced by 1 million people since 1997, and 29 million people are in employment, “more than ever before in Britain’s history.”

Hain cited Organization for Economic Cooperation and Development figures showing that “the U.K. has had the best combination of employment, unemployment and inactivity rates of any of the G-8 countries. Better than France — where President Sarkozy has just introduced reforms drawing on the British model — better than Germany, better than Italy, better than Canada, better than Japan, better than Russia and, yes, better than the U.S.”

Yet the work and pensions secretary also pointed out that some lessons had come from the United States. He noted he had discussed with New York City Human Resources Commissioner Robert Doar how to give private contractors an “enhanced role.”

“I saw firsthand how performance-based contracting, with the private and voluntary sector, in a

way which gives local discretion and flexibility in the delivery of services, can and does bring positive results,” he said.

Hain also pointed to Britain’s Local Employment Partnerships, which attempt to make sure claimants get the right type of training to get them to the point of being job ready, with employers guaranteeing job interviews or “a work trial with a view to offering a job.” The program aims to place 250,000 in jobs, including single parents.

“There will, of course, be lone parents for whom work is simply not an option, and I will ensure that they will be protected,” he added. “Indeed, 60 percent of nonworking single parents say they would work if they could get the right child care.” He cited experiences in New York that provide insights “on the importance of affordable child care provision

and the significance of an integrated and meaningful system of ‘in work’ benefits,” including food stamps and tax credits. “You still face, as we do, a group of people for whom multiple barriers to work exist, whether these are drug or alcohol dependency, mental health problems or disabilities,” Hain said. “A work-first approach has worked with those who were closer to the labor market but has been less successful for those with more complex needs.”

The cabinet minister emphasized that at the core of British policies lies a social contract. “Work for those who can; support for those who cannot. That remains our welfare strapline, with abolishing poverty, full employment and social justice our goals,” he stated.

—Cecilio Morales

Briefs

Regulations

DRAFT RULES TARGET UI SHOPPING

Individuals who have worked in multiple states and lost their jobs would no longer be able to shop the nation for the unemployment insurance package most suitable to their needs, under new rules proposed by the Employment and Training Administration.

ETA proposed a revision to rules covering combined wage claims in the unemployment insurance program in the Nov. 2 *Federal Register*.

Combined wage claims allow individuals who have worked in multiple states to apply for one state's UI benefit, asking that their wage records from other states be included in their eligibility determination.

Rules for combined wage claims were last updated in the mid-1970s, and at the time, state UI programs generally required that an individual apply for benefits in person. Under the current policy, the state to which they apply for benefits is the state that pays. However, individuals with a combined wage claim can apply in any state, not just those in which they have worked.

Individuals with wages in only one state may apply only in that state.

Decades ago this was not a huge problem because individuals filed in person at UI offices; however, most claims are now taken over the telephone or Internet, opening the door for individuals to shop for the benefits package that best suits them.

Considering that states vary significantly in UI eligibility policies as well as benefit amounts — for example, \$210 per week is Mississippi's, compared to \$575 or more in Massachusetts — ETA contends that benefits shopping is an issue that needs to be addressed.

Officials propose to revise UI rules to require that individuals seeking to make a combined wage claim do so in any of the states in which they have wages recent enough to be included in their state of choice's base period. It would prohibit, however, someone from filing a claim in a state in which that person had not had earnings.

ETA officials acknowledge that this may disqualify some UI applicants from benefits, if their combined wages are insufficient to qualify them for benefits in any of the states in which they have worked, but are enough to meet some other state's eligibility threshold.

"This scenario is likely to have been rare and the Department believes that this result is reasonable. It

is consistent with the insurance principles that benefits rights be determined under the state law under which the claimant had employment and wages in the state's base period," the rulemaking says.

States that deny combined wage claims would also be required to notify claimants of their right to try their luck in other states where they have had earnings, under the proposed policy.

Public comments are due by Jan. 2, 2008.

✓ For more information, contact Jacqui Shoholm, director of the division of policy, at (202) 693-3700.

—R.H.

Program Strategies

ABT TO STUDY SELF-SUFFICIENCY

Abt Associates was awarded a \$15 million, seven-year contract by the federal Administration for Children and Families to lead an evaluation of employment and self-sufficiency programs.

Called the Innovative Strategies for Increasing Self-Sufficiency project, the venture will evaluate interventions representing the "next generation of innovative approaches" to promote work and self-sufficiency. The programs analyzed will target current and former TANF recipients, as well as families "at risk" of receiving benefits.

The Boston-based firm will work with Johns Hopkins University, Berkeley Policy Associates, BCT Partners, the National Governors Association, the American Public Human Services Association and the National Conference of State Legislatures.

The study will be directed by sociologist David Fein and scientist Susan Bartlett, with the objective of evaluating interventions that "hold promise," according to an Abt statement. Researchers will compare outcomes for randomly assigned treatment and control group members in six sites.

Founded in 1965, Abt and its staff of over 1,000 is located in Cambridge, Mass., and other locations in the United States and abroad.

—C.M.

Vendors

INDIANA VENDOR IN DISARRAY

Affiliated Computer Services, Inc., the operator of a \$1 billion contract privatizing food stamp and welfare services in Indiana, is in disarray following the loss of a purchase bid and the resignation of five directors.

The \$4.9 billion company, until recently one of the largest career center and welfare-to-work contractors in the country, was offered \$8.2 billion to sell its operations to a consortium headed by ACS chairman and founder Darwin Deason, a self-made man and high school dropout, and Cerberus Capital Management. When Cerberus withdrew the offer because of the tightening credit markets as a result of subprime bad debt, five members of the board rebelled in an unusually public way, charging that Deason squelched a better offer that insiders said was available from Unisys.

ACS stock has taken a beating and market analysts say investor wariness is part of the whiff of scandal related to an investigation of stock option backdating last year.

ACS became the largest provider in human services in the nation after it bought up Lockheed Martin IMS in 2001 and Curtis & Associates in 2002 (ETR 9/16/02, p. 40). However, the technology firm lost its human services preeminence in 2005, when it sold its welfare-to-work and one-stop operations to ResCare (ETR 11/28/05, p. 195).

—C.M.

Adult Education

CALIF. BUCKS UP REMEDIAL ED

California is set to spend \$33.1 million this year in a special project aimed at improving the outcomes of

community college students in need of remedial education or enrolled in adult education.

Gov. Arnold Schwarzenegger (R) signed a special amendment to the state's budget for 2007-2008 appropriating the funding to the state's Community College Board of Governors.

The agency will allocate the funds in grants to the state's 72 community college districts based on their enrollments in basic skills and English as a Second Language classes, ensuring that each district receives at least \$100,000 for each of its colleges.

Colleges will be able to use the grants for curriculum development, student assessment, counseling, tutoring and other purposes related to improving ESL and remedial instruction.

"The legislation provides the resources and framework to launch fundamental improvements in how community colleges help underprepared students acquire the math, English and writing skills necessary to succeed in college, the workplace and society," California Community College Chancellor Diane Woodruff said in a statement.

According to state data, by the end of the semester the state's community colleges had lost about 19 percent of individuals who had to take remedial college courses in spring 2007. About 45 percent of community college students enrolled in adult education dropped out during the semester.

—R.H.

BULLETIN BOARD, continued from p. 148

cation and existing projects that competed successfully to expand their operations.

A total of nearly \$3.8 million was awarded for apprenticeships, with \$1 million each to the Gate Apprenticeship Project of Fresno County, Calif., and the Ohio Department of Rehabilitation and Correction, and somewhat smaller amounts to the Kansas Department of Corrections in Shawnee and Sedgewick Counties (\$995,407) and the National Institute for Metalworking Skills, Inc., of Minneapolis-St. Paul (\$776,095).

Six alternative education projects will receive \$5.6 million, with \$1 million each going to Project Adventure in Newton County, Ga., Leadership Training, Inc., of Nassau County, N.Y., and the School District of Philadelphia. Nearly \$1 million was awarded to Hampton City Schools in Hampton, Va., and Lane County Department of Youth Services in Lane County, Ore., and \$636,951 is slated for Isles, Inc., of Trenton, N.J.

An additional \$10.6 million is slated to expand successful projects. Grants of \$2 million each were awarded to Central States SER-Jobs for Progress of Chicago, the School Board of Miami-Dade County, Fla., and the Seattle-King County Workforce Development Council, Washington, YouthBuild Newark, Inc., of New Jersey, is slated to receive \$1.8 million,

the Living Classrooms Foundation of Baltimore, Md., and southwest Washington, D.C., \$1.7 million and Workforce Connections, Inc., of Iowa, Minnesota and Wisconsin, \$1.1 million.

RECOGNITION

VIRGINIA KNAPP, director of corporate training for Elgin Community College, was named 2007 Illinois Community College Economic Workforce Development professional of the year. Knapp serves on the workforce development committee of the Elgin Area Chamber of Commerce and the business solutions team for the River Valley Workforce Investment Board and is assistant membership chair for the Fox Valley Society of Human Resource Management.

PEOPLE

SHELIA GRAY, director of global talent acquisition at the International Paper Company, was elected president of DirectEmployers Association, a nonprofit consortium of over 300 U.S. employers, which owns and operates the JobCentral National Labor Exchange. ☆



Text

LABOR-HEALTH AND HUMAN SERVICES-EDUCATION APPROPRIATIONS

(Editor's Note: The following data, compiled by MII, reflect the House-Senate conference report released Nov. 5, 2007.)

Labor

Fiscal Year 2008 (dollars in 000s)

	FY 2006 Final*	FY 2008 Admin Request	FY 2008 House Passed	FY 2008 Senate Passed	FY 2008 Conference Agreement
Training and Employment					
Adult Training**	865,736	712,000	712,000	712,000	712,000
Dislocated Worker Assistance**	1,476,064	1,115,000	1,471,903	1,471,903	1,471,903
Youth Training					
Youth Activities**	950,000	841,000	940,500	940,500	940,500
Youth Opportunity Grants	0	0	0	0	0
State UI and ES Operations					
UI Operations Grants to States	2,523,000	2,547,000	2,550,723	2,550,723	2,550,723
ES Grants to States**	723,114	689,000	725,883	715,883	715,883
One-stop Career Centers**	82,487	56,000	52,985	55,985	52,985
Federal Activities (WOTC, foreign labor, etc)**	33,766	33,000	32,766	34,000	32,766
Federally Administered					
Native Americans	54,238	45,000	56,381	53,696	55,039
Farmworkers	80,557	0	83,740	79,752	82,740
Job Corps	1,573,000	1,518,000	1,649,476	1,659,872	1,650,516
Senior Community Service Employment Program	436,678	350,000	530,900	483,611	530,900
National Activities					
Pilots, Demonstrations and Research	30,000	13,000	28,140	30,650	50,569
Evaluations	7,936	7,000	4,921	4,921	4,921
Prisoner Reentry***	19,840	0	0	0	0
Responsible Reintegration of Youthful Offenders***	49,600	0	0	0	0
Consolidated Youth and Adult Offender Reentry	0	39,600	68,746	13,642	78,694
National Programs (WIRED, HGJTI)	245,000	218,000	282,092	282,092	282,092
Community-Based Job Training Grants	125,000	150,000	125,000	150,000	125,000
Disability Employment Policy	27,934	18,602	27,712	27,712	27,712
Work Incentives Grants	19,711	0	9,757	19,541	14,649
YouthBuild	50,000	50,000	60,000	65,000	62,500
Veterans Employment and Training	224,334	228,000	228,198	231,198	228,198
Trade Adjustment Assistance	966,400	889,000	888,700	888,700	888,700

Source: White House, House and Senate Appropriations Committees

* FY 2006 is the actual appropriation signed into law, to the exclusion of supplemental appropriations, rescissions or carryovers. Most of these funding levels were carried over into FY 2007 and the current year, though some were altered by continuing resolutions.

** The administration proposes to consolidate these programs at the federal level into a \$3.4 billion Career Advancement Accounts block grant.

*** The administration proposes to consolidate these programs at the federal level.

HHS & Related Work Supports
Fiscal Year 2008 (dollars in 000s)

	FY 2006 Final*	FY 2008 Admin Request	FY 2008 House Passed	FY 2008 Senate Passed	FY 2008 Conference Agreement
Health & Human Services					
Entitlement Spending					
TANF	17,148,000	17,059,000	17,059,000	17,059,000	17,059,000
Child Care Entitlement	2,717,000	2,917,000	2,917,000	2,917,000	2,917,000
Child Support Enforcement & Family Support	2,121,643	2,949,713	2,949,713	2,949,713	2,949,713
Promoting Safe and Stable Families	395,000	454,000	345,000	345,000	345,000
Social Services Block Grant (Title XX)	1,700,000	1,200,000	1,700,000	1,700,000	1,700,000
Discretionary Spending					
Low Income Energy Assistance	2,183,000	1,782,000	2,662,000	2,161,170	2,411,585
Refugee and Entrant Assistance	575,579	656,000	650,630	654,166	652,394
Child Care Development Block Grant	2,082,910	2,062,000	2,137,081	2,067,081	2,099,581
Head Start	6,854,314	6,789,000	6,963,571	7,088,571	7,042,196
Native American Programs	44,780	47,332	49,332	48,332	48,332
Social Services Research & Demonstration	11,927	0	14,635	11,825	21,898
Compassion Capital Fund	65,000	75,000	64,350	53,625	53,625
Promoting Responsible Fatherhood/Healthy Marriage	0	150,000	0	0	0
Community Services Block Grant	636,793	0	660,425	670,425	665,425
Individual Development Accounts	24,699	24,000	24,452	24,452	24,452
Housing and Urban Development					
Community Development Block Grant	3,748,400	2,619,000	4,180,000	4,060,000	n/a**
Agriculture					
Food Stamp Program	40,711,395	39,838,000	39,816,223	39,779,223	n/a**
WIC	5,257,000	5,387,000	5,620,000	5,720,000	n/a**
Social Security Administration					
Supplemental Security Income	29,369,174	26,911,000	26,948,525	27,005,500	27,014,000

Sources: White House, House and Senate Appropriations Committees

* FY 2006 is the actual appropriation signed into law, to the exclusion of supplemental appropriations, rescissions or carryovers. Most of these funding levels were carried over into FY 2007 and the current year, though some were altered by continuing resolutions.

** Appropriations bills for the Departments of Agriculture and Housing and Urban Development have not yet been reconciled.

Education

Fiscal Year 2008 (dollars in 000s)

	FY 2006 Final*	FY 2008 Admin Request	FY 2008 House Passed	FY 2008 Senate Passed	FY 2008 Conference Agreement
Rehabilitation Services					
Vocational Rehabilitation State Grants	\$2,720,192	2,837,160	2,874,043	2,874,043	2,874,043
Other Discretionary VR programs	409,446	347,103	405,700	412,899	411,942
Career and Technical Education					
Basic State Grants	1,194,331	600,000	1,206,553	1,181,553	1,206,111
Tech-Prep Education	105,812	0	104,753	104,753	104,753
National Programs	9,257	10,000	8,000	8,000	8,000
Tribally Controlled Institutions	7,440	7,366	8,000	8,000	8,000
High Schools					
High School Initiative**	0	1,196,775	0	0	0
Charter School Grants	216,952	214,782	251,394	214,783	214,783
Dropout Prevention	4,900	0	0	0	0
Adult Education					
State Grants	569,672	564,074	588,975	564,074	576,525
National Programs	15,734	15,734	13,638	13,638	13,638
Even Start Family Literacy	82,283	0	99,000	0	62,636
Targeted Populations					
Grants for Incarcerated Youth Offenders	22,770	0	22,770	22,770	22,770
Migrant Education (GED, College Aid)	33,927	33,927	33,927	33,927	33,927
Postsecondary Education					
Child Care Access Grants	15,970	15,810	17,810	15,810	16,810
TRIO College Access Programs	836,543	828,178	868,178	858,178	858,178
Pell Grants	13,177,000	15,203,377	15,583,000	14,487,000	14,498,000
Pell Maximum Award per Student	4.05	4.6	4.7	4.31	4.435

Source: White House, House and Senate Appropriations Committees

* FY 2006 is the actual appropriation signed into law, to the exclusion of supplemental appropriations, rescissions or carryovers. Most of these funding levels were carried over into FY 2007 and the current year, though some were altered by continuing resolutions.

** Proposed in FY 2006 as a stand-alone high school reform program, in FY 2008 the administration is seeking targeted funding for disadvantaged high schools through Title I of the No Child Left Behind Act.