

Issue Brief From THE FAMILY BUDGET ESTIMATOR Project

EDUCATION, TRAINING, & EMPLOYMENT SUPPORT



WHAT CHALLENGES DO LOW-WAGE WORKERS FACE IN TEXAS?

- **Inadequate wages:** Across Texas' metro areas, half of all jobs are in occupations with a median wage under \$15 per hour.¹ Low wages prevent many Texans from earning enough to support their families, regardless of the number of hours they work.
- **Stagnant wages:** Since 1979, median wages in Texas have only risen 0.5% (wages adjusted for inflation). In contrast, U.S. wages have risen nearly 9% over this time period.² At the same time, work-related expenses, such as child care, are outpacing inflation while employer-sponsored health coverage is diminishing.
- **Minimal opportunities for advancement:** Many of the jobs available to low-skilled and under-educated Texans have no upward mobility. Employers do not routinely offer the training needed to acquire marketable skills and move into higher-paid positions. Need-based financial aid covers only a fraction of college costs, forcing many high school graduates to postpone or forego valuable postsecondary education and training. This makes it difficult for low-wage workers to find employment that pays a family-supporting wage.

WHAT PROGRAMS ARE AVAILABLE TO HELP LOW-WAGE WORKERS SECURE BETTER JOBS?

- **Skills Development Fund:** The Skills Development Fund (SDF) is one of the state's most important investments in workforce training. The SDF enables public community and technical colleges, the Texas Engineering Extension Service (TEEX), and community-based organizations to partner with local employers to develop customized training programs. Over the past several years, the SDF has financed training programs for tens of thousands of new and incumbent jobs over a wide range of industries and occupations. By upgrading the skills of Texas workers, the SDF increases opportunity and trainee wages, thereby adding tens of million of dollars in statewide payroll and boosting economic activity.
- **Self Sufficiency Fund:** Local workforce development boards³ use the Self Sufficiency Fund to design, finance, and implement customized job training programs in partnership with community and technical colleges and community-based organizations. The program helps current and former welfare recipients secure higher-paying jobs and reduces their need for government assistance. However, its budget has been cut in half since 2003.

WHAT CAN TEXAS DO TO INCREASE THE ECONOMIC SECURITY OF ITS WORKERS?

- **Businesses need to invest more in their employees:** Businesses should enhance workers' economic security and upward mobility by creating occupational and wage ladders for high-demand occupations, offering employer-sponsored savings and retirement accounts, subsidizing child care, and providing paid sick and family leave.

¹ May 2005 Occupational Employment and Wage Estimates, U.S. Bureau of Labor Statistics.

² Economic Policy Institute's analysis of Current Population Survey data from 2006.

³ A central component of Texas' workforce development system is the Texas Workforce Commission (TWC) and its partnership with Local Workforce Development Boards across the state. The vast majority of programs under the control of TWC are block-granted to these local management entities. The state is divided into 28 Workforce Development Areas, each served by its own workforce board. This network provides an array of workforce programs and services for individuals and businesses through more than 270 Texas Workforce Centers.

- *The Texas Enterprise Fund fails to promote worker economic security:* The Texas Enterprise Fund is the largest cash-based economic development incentive program in the nation. The TEF provides multimillion dollar cash grants to private companies in exchange for a specific number of jobs in Texas. However, the current incentive packages are not designed or distributed in a manner that promotes worker economic security. For example, the TEF fails to leverage these incentives to improve work supports (e.g. child care, transportation) for expansions and relocations subsidized with public dollars. Because these large cash grants represent the “icing on the cake”—rather than a true incentive—for companies already guaranteed even larger tax breaks, economic development incentives should yield broader economic opportunity than merely “job creation.”⁴
- *Texas needs to invest more in human capital:* With low human capital investment, the state squanders potential contributions from the labor force, fosters a skills gap between high-skilled and low-skilled workers, and jeopardizes financial investments. In the 21st century, businesses require a skilled and ready workforce in order to compete in a global economy. The state should invest more in financial aid for higher education and integrate adult basic skills, English language instruction, and certificate attainment into customized training programs.

EMPLOYMENT & TRAINING PROGRAMS

- **Apprenticeship Training Program:** A job training program for skilled trade workers. <http://www.twc.state.tx.us/svcs/apprentice.html>
- **College for Texans:** Offers resources to help students prepare, apply, and pay for higher education, including information for adult and military students. <http://www.collegefortexans.com/>
- **Dislocated Workers Program:** Provides individualized re-employment services to dislocated workers. <http://www.twc.state.tx.us/svcs/jtpa/dislocat.html>
- **Eligible Training Provider System:** A publicly accessible list of training providers approved by one or more workforce boards and certified by the Texas Workforce Commission. <http://www.twc.state.tx.us/boards/wia/tpcs/etpc.html>
- **Self Sufficiency Fund:** <http://www.twc.state.tx.us/svcs/funds/ssfintro.html>
- **Skills Development Fund:** <http://www.twc.state.tx.us/svcs/funds/sdfintro.html>
- **The Workforce Alliance: Skills 2 Compete Campaign:** Promotes U.S. worker access to the equivalent of at least two years of education or training past high school—leading to a vocational credential, industry certification, or the first two years of college. <http://www.workforcealliance.org>

⁴ “Enterprise Fund: High Road or Low Road,” Center for Public Policy Priorities, February 2, 2005.