Work, Skills, Community: Restoring Opportunity for the Working Class

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The report is the work of a group of scholars and policy thinkers convened by Opportunity America and cosponsored by AEI and the Brookings Institution. The authors’ findings were informed by fact-finding trips to working-class communities in Ohio and Michigan.

The group defines “working class” as people with at least a high school diploma but less than a four-year college degree, with a household income of roughly $30,000 to $69,000 a year for two adults and one child. The new report reveals a dramatically changing working class:

- Just 59 percent of the working class is white, down from 83 percent in 1981.
- Just 74 percent of working-class men are employed, down from 81 percent in 1980.
- Marriage is declining faster among the working class than in any other group of Americans, down from 74 percent in 1980 to just 52 percent today.

Based on this research, the group crafted a broad range of bipartisan policy recommendations. Among its top proposals:

- **Make work pay.** Expand the earned income tax credit to childless workers and reform the benefit so as not to penalize or discourage marriage (with a proposed budget offset). The report also encourages lawmakers to supplement working-class pay, either with a worker tax credit or a more direct wage subsidy distributed through paychecks rather than a lump sum at tax time.

- **Reallocate federal financial aid for career education.** Make federal financial aid available to college and older students for a much broader range of career education, including short-term and nondegree programs at unaccredited institutions. Instead of grants and loans being used for only traditional academic education, they should also be used to teach skills needed to succeed in the workplace.

- **Bolster Opportunity Zones.** A provision in the new tax law creates tax incentives for investors willing to reinvest unrealized capital gains in special financial vehicles that can be used to revitalize poor communities with sluggish job growth. The group’s recommendation: Communities that wish to reap the full benefit of incoming funds should supplement them with parallel, coordinated investment in the zone’s human and social capital.

- **Use public assistance programs to help beneficiaries get back to work.** Policymakers should reform unemployment and disability insurance programs that create the wrong incentives for Americans thrown out of work, encouraging many to stay on the rolls as long as possible. Higher wages would likely draw many blue-collar men back into the labor market, but some may also need a nudge from effective policies. Public assistance programs should do more to link disconnected workers to jobs.

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