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NEW PPI REPORT PROPOSES NEW PATHWAYS TO THE MIDDLE-CLASS FOR THOSE LEFT BEHIND

WASHINGTON—The Progressive Policy Institute (PPI) today [released a new report](#) by Harry Holzer analyzing the state of today's middle-class in America and arguing for a system of new pathways to the middle-class for less-educated workers, especially in underserved areas, at a sufficient scale to provide substantial new opportunities to millions who now lack them.

"Donald Trump has played on the frustrations of working-class Americans, whose incomes have been stagnant or declining for decades," **Holzer writes**. "He promises to return them to prosperity by recovering their former manufacturing jobs — especially through trade protection. But such protection will do great harm to our economy in a variety of ways, and will generate very small increases in manufacturing employment.

"Many millions of Americans aspire to join the middle class, but their education and skill levels are too low for them to earn wages sufficient for entry into that class. ... I therefore propose a set of federally funded efforts to the states to promote skill building, good job creation, redevelopment of distressed areas, and labor force supports. While the federal partners would set the overall goals and direction, each state would have a great deal of leeway in deciding how such funds are actually spent. And, if ongoing federal gridlock prevents any such action by Congress and the President in the near future (as seems likely), states could move ahead on their own and try to implement whatever parts of this agenda they can."

The key findings of Holzer's analysis are:

- According to a reasonable benchmark for a middle-class family level of income (about \$50,000 on average), roughly 70 percent of Americans live in families with middle-class or higher incomes in any given year.
- The odds of attaining middle-class incomes in families where no adult has a bachelor's (BA) or higher degree often depend crucially on having two or more earners in a family.
- Only about half of Americans currently attain any postsecondary credentials, though these are increasingly needed for middle-class incomes—and even fewer have them in well-paying fields.



- Advancements in digital technologies in the future will not result in the "end of work." The real question is whether workers whose skills become obsolete will be able to retool and find well-compensated employment in other jobs or industries.
- America has experienced some job polarization since 2000, but the shrinkage of the middle share has been modest—from 41 to 39 percent between 2000-15—while a "new middle" consisting of well-paying jobs that require postsecondary education or experience is growing.

Policymakers must address the economic plight of the working class in America and help many more of them achieve the American Dream – which PPI defines as entering and staying in the middle-class. Based on his analysis, Holzer argues for a range of policies that form a comprehensive system to help more Americans without BAs enter the middle-class. These policies should: 1) Improve the attainment of education and skills at the sub-BA level that the labor market values; 2) Create more good jobs in the private sector for skilled workers to fill; 3) Ensure access to good education and jobs among those living in underserved or distressed communities, especially cities that have lost manufacturing jobs or rural areas; and 4) Keep less-educated Americans in the workforce and “make work pay” for them.

Holzer proposes the following system of new pathways to the middle-class:

- Set a national goal of adding one million new apprenticeships in America, on top of the 400,000 that already exist. Governments at all levels should use technical assistance and financial incentives to reach this goal.
- Launch a \$10 billion “Race to the Top” initiative to give states incentives to work with private employers and community colleges to create new, work-based learning systems.
- Establish a “High-Road Jobs Fund” for states to encourage employers to upgrade their workers’ skills and pay them middle-class wages.
- Create a “Community Stabilization Fund” for communities left behind by technological change and globalization.
- Set up a competitive federal grant program to encourage states to “make work pay” and bring people back into the labor force.

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