BY JIM JACOBS

One week before Labor Day, 2006, the U.S. Census Bureau released its 2005 estimates on wealth and income in America. In this maze of interesting data, collected from telephone and in-person interviews with over 114,000 households, two important national trends stand out.

First is the number of states where median family income had fallen significantly since the 1999 Census. Michigan—my home state—was at the bottom, with over a 12 percent decline in median family income, followed by North Carolina, Utah, Oregon, and Mississippi as the states whose median household income declined by over 10 percent. Only four states and the District of Columbia recorded income gains. Even taking into account a methodological issue in which the choice of benchmark years exacerbates the percentage decline in income (the economy was booming in 1999), the majority of American families still saw their income decline from 2000 to 2005. One obvious question emerges: If this knowledge economy is in such good shape, as many of our financial analysts seem to believe, why have the majority of Americans suffered income losses?

The second major trend helps explain this paradox. While there were significant income gains enjoyed in the American economy, they were primarily restricted to the top 20 percent of the population. Their rise was over 5 percent—by 2005, the top 20 percent of American households claimed 50 percent of all income, the largest proportion since the Census first recorded the figures. Actually, the top 1 percent saw its income grow even further.

Moreover, there is considerable evidence that this income growth was fueled through earnings other than employment, with the wealthy earning their money through investments and tax breaks. Corporate profits (as a share of overall compensation) reached 10.3 percent, the highest since the 1960s, while wages recorded their lowest share since the Census kept records.

Income and Workforce Development:

Balancing the Earnings Scale

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Equity

While commentators debated how much of this was associated with the forces of globalization and how much should be attributed to the decline of bargaining power of organized labor, the fact is that, increasingly, wealth in this country is derived from sources other than work, and it is resulting in large and increasing income inequalities.

Readying for the Future

Community college workforce practitioners cannot ignore these trends. As institutions that pride themselves on the ability to link students with well-paying jobs, these data are cause for concern and action. First, it means we can expect the emergence of large numbers of low-income people who will seek community colleges out in their efforts to find more sustainable jobs. Many low-income adults assume their earnings can only increase through some form of postsecondary education, and community colleges are the cheapest and most geographically accessible institutions for them.

Many of these individuals will not be the traditional middle-class student, or even incumbent workers who need a little boost in their career pathway. Rather, they will be poorly prepared adults, often immigrants, who may have significant learning disabilities, but also a strong motivation to get ahead. How community colleges respond to this group of people will be critical not only for the institutions, but for the future of America. This is why activities such as Breaking Through, a demonstration project conducted by the National Council for Workforce Development and Jobs for the Future to link adults to postsecondary occupational credit programs, are important new initiatives for community colleges. These individuals, who seek out community colleges in an effort to create sustainable incomes for their families, will raise the bar for community colleges.

Second, it means that community college workforce developers need to be more effective and efficient in how they choose and partner in the development of occupational programs that provide real opportunities for good jobs and/or career advancement. Gone are the days in which colleges could safely promote programs in areas such as information technology, accounting, or automotive technology and expect that vast industry demand would soak up their students. Community colleges must not only provide both technical and foundation education for their students, but also actively prepare them with substantial job searching skills. The college must seek to create a labor market for these students.

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Changing Conditions

The prospects for entry-level work are local and diverse, but unless colleges spend the time and effort in learning the specific nature of these markets, they will not be much help to their students. Sometimes this means adapting college programs to fit the demands of the employers for four-year degrees in specific areas. Development of these dense, local interactions with employers, which produce progressions of jobs, is part of what has recently been called career pathways strategy.

But these two steps are not sufficient. Community colleges, on behalf of their students, need to join the national discussion of how income and wealth are created. Rather than react to the "changing conditions of the knowledge economy" as if they were immutable, community colleges have an important role in the broad debate over the macroeconomic politics that control these factors. How can a community college secure the economic future of its students when economic wealth is increasingly created by means other than work and employment?

The colleges must become advocates for their students and of a particular way of life in the United States that values work and employment over other forms of wealth creation. This means strong support for business and economic development efforts that produce jobs, not solely profits and income. Community colleges should become advocates of tax policies that encourage business formation and domestic capital investment as opposed to simply income deductions for the wealthy. It means a strong policy toward industrial and employment policies that favor domestic expansion and an economy that earns profits through overseas growth.

The "flat world," as coined by Thomas Friedman, is not so much a product of inevitable technology but of conscious political decisions on monetary and fiscal policies. These are issues that community college workforce developers needs to weigh in, because these are matters that will affect our students and the communities we serve.

Action along these lines can help recast workforce development at American community colleges. The task ahead is not simply to respond to the labor market, but to help construct and defend the significance of work and employment as the generator of social wealth in this country. Community colleges cannot fulfill their mission of creating stronger communities by simply responding to employers who come to us to provide training for jobs that fit their immediate needs.

The good jobs will not come if we sit on the sidelines. They must be created through aggressive economic development activities, and those of us in the community colleges need to become advocates for this perspective as a means of serving our students. Without the availability of work, and with an emphasis upon creating a culture and society based around work, our institutions will fail in their missions to promote a better life for low-income families.

Jim Jacobs is the Director of Workforce Development and Policy at Macomb Community College in Michigan and the Associate Director of the Community College Research Center.