Investing in America’s Workforce: Improving Outcomes for Workers and Employers

A Federal Reserve Initiative
Why do we care about improving outcomes for workers and employers?

Dual Mandate

- Maximum Employment
- Price Stability
Public service that makes a difference:

Community Development works to promote the economic strength of low- and moderate-income communities

- Focus our research on issues that matter the most to low- and moderate-income communities.
- Contribute to generate new knowledge that expands our understanding of key problems and informs both policy and practice.
- Leverage our convening power, un-biased and data-driven approach to bring together diverse perspectives to the table.
- Serve as catalyst to create new partnerships for improved results.
- Galvanize the interest of funder and investment ecosystem.
- Monitor community credit needs and share information with regulatory staff and across agencies.
Brief history of workforce development initiatives at the Federal Reserve

2009, Fed Governor Tarullo describes an expanded role for Community Affairs to include research and data analysis, information sharing, and forging partnerships

2010, Economic Development Podcast series launched (in conjunction with IEDC)

2011, Federal Reserve System discussion about impact of unemployment on Community Development

2012, System sponsored meetings throughout country on employment conditions facing LMI

2012, “The Future of Workforce Development” conference in Kansas City

2012, “A Perspective from Main Street: Long-Term Unemployment and Workforce Development” report issued by Board of Governors

2012, FRS Community Development Workforce Development workgroup formed

2013, “Aligning Workforce Development and Employment Strategies for Historically Black Colleges and Universities” conference hosted by the Federal Reserve Banks of Atlanta, Richmond, Dallas, and St. Louis

2013, All Reserve Banks engaged in workforce development

2013, Federal Reserve Human Capital Compendium launched

2014/2015, “Transforming Workforce Development” conference with the Rutger’s University Heldrich Center and internal Federal Reserve System Action lab, Book Launched

2016, Revisions to CRA Q&A clarify workforce development activities

2016/2017, All Reserve Banks collaborating under one goal: to improve outcomes for workers and employers.
<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Interest and Bank</th>
<th>Approach</th>
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| Workforce Pipeline                       | 1. Early Education (Minneapolis)  
2. Youth Apprenticeship (Chicago, Richmond)  
3. Community College Performance (New York, Philadelphia) | 1. Quantitative Research  
2. Communications and Convening  
3. Survey and Qualitative Research and Convening |
| Credentials and Certification            | 1. Understanding Growth in Credentials (Boston)  
2. Student Loan Program Optimization (Kansas City) | 1. Convening and Partnerships  
2. Quantitative Research |
| Middle Skill Occupational Trends and Skill Gap Issues | 1. Opportunity Occupations (Philadelphia, Cleveland, Atlanta)  
2. Career Pathways (Dallas)  
3. Small Business and Workforce Development (NY, Atlanta) | 1. Quantitative Research  
2. Qualitative Research  
3. Survey Research |
| Serving Workers with Barriers to Employment | 1. Employing Ex-Offenders (San Francisco)  
2. Workers with Addiction (Atlanta)  
3. Opportunity Youth (Richmond)  
4. Native American Labor Market Disparities (Minneapolis)  
5. Geographic Disparities and Place Based Interventions – Mississippi Delta (St. Louis) | 1. Partnerships, convening, communication  
2. Convening, listening, literature review  
3. Convening policy makers and national think tanks  
4. Research and partnerships  
5. Convening community and regional leaders |
| Job Quality                              | 1. Developing Predictable Schedules and “Raising the Floor” in Benefits and Compensation (Kansas City)  
2. Increasing the prevalence of high quality jobs: wages, benefits, income stability and worker voice (Boston) | 1. Partnership, communication, convening  
2. Research, convening advisory council, partnership and business engagement |
| Technology and Workforce Development     | 1. Digital Divide Concerns in Urban and Rural Settings (Dallas)  
2. Mixed Methods Research |
| Aligning Resources                       | 1. Engaging Employers (St. Louis)  
2. Sectoral Partnerships (Cleveland)  
3. Developing Cross Sector, Regional Collaboration (Atlanta) | 1. Convening  
2. Case Study Research  
3. Regional Convening, Qualitative Research |
| Funding Workforce Development            | 1. Workforce Development and CRA (Dallas, Kansas City, Richmond, Chicago)  
2. New Financing Models for Workforce Development (Atlanta, St. Louis, Richmond, Boston) | 1. Internal Training, external publication, “Workforce Development as a Framework for Meeting CRA”  
2. Publications, convening, listening sessions |
Employment in occupations that don't require a four-year college degree but offer decent pay declined sharply the past several years. Yet the proportion of those jobs as a share of overall employment differ markedly among the nation's 100 largest metropolitan areas (FRB Atlanta, Cleveland, and Philadelphia).

Nationwide, the number of jobs in "opportunity occupations," as the researchers term them, slid by 1.7 million between 2005 and 2014, even as total employment increased by nearly 5 million. Consequently, the share of all U.S. jobs in opportunity occupations fell from 29.8 percent to 27.4 percent, says the report Identifying Opportunity Occupations in the Nation's Largest Metropolitan Economies.
Generating new knowledge:

Survey of Young Workers:
• Nationwide sample of 18- to 30-year-olds
• More than 2,000 respondents completed surveys in Dec. 2013 & 2015
• Report and data at www.federalreserve.gov

- Among respondents, “steady employment” is more important than “higher pay.”
- Respondents showed an increase in optimism about future job opportunities from 2013 to 2015.
- The portion of respondents who believe the financial benefits of their postsecondary education outweigh the costs increased from 43% to 54% between 2013 and 2015.
- Although most employees can cover their household expenses, many receive financial support from their family.

Federal Reserve Board of Governors
Informing policy and practice:

- Improve opportunities for job seekers, students and workers, especially those who face the greatest difficulties in the labor market
- Meet the needs of employers and society for a highly skilled and competitive workforce
- Deliver effective solutions relevant to educational institutions, businesses, nonprofit organizations and governments

*Transforming U.S. Workforce Development Policies for the 21st Century* was produced in partnership by the Federal Reserve Banks of Atlanta and Kansas City and the John J. Heldrich Center for Workforce Development at Rutgers University. This edited volume presents contributions from more than 65 leading scholars and practitioners engaged in workforce development.

The Great Recession and other disruptive forces have altered the environment for workers, job seekers, businesses, educational institutions and government alike. Transforming tackles these issues straight on by presenting new visions for transformative education and workforce development policies and practice.
INVESTING IN AMERICA’S WORKFORCE

- Series of regional Reserve Bank meetings
- Examiner education and training
- Capstone conference
- Capstone Publication
- Book Launch Event at the Board of Governors
- FRS leadership briefings
- Regional Bank Book Launch Events

SAVE THE DATE! OCTOBER 4-6, Austin, TX
Leveraging our convening power & sharing information with regulatory staff

- More than 52 regional roundtables conducted across the country (report available in the Fall).
- "Engaging Workforce Development: A Framework for Meeting CRA Obligations" provides banks—and organizations interested in partnering with them—information and tools to engage in workforce development activities to support their community involvement goals and their obligations under the Community Reinvestment Act (CRA).
- Educating examiners across the Reserve Banks on how financial institutions can support workforce development efforts – Rapid Response Training – September 12.
- Connecting Communities Session to share information across agencies – September 26 – 3 pm.
Becoming catalyst for new partnerships:

**Boston Fed Working Cities Challenge**

- Based on Fed research showing economic resurgence for smaller post industrial cities possible; key element: collaboration and leadership on shared economic vision.

- Competition for three-year grant funds. Prizes contributed by partners (not Federal Reserve). Three-year awards of $400-500k, plus six-month design phase.

- Designed by steering committee of influential cross-sector partners.

- Eligible to compete: smaller postindustrial cities.

- Proposals must be ambitious and
  - unite public, private, non-profit sectors and community members,
  - focus on improving lives of low-income people and diverse residents, and
  - create systems change.

- One proposal per city: must create shared vision and team to carry out effort.

- Merit based: Winners chosen by independent, expert Jury based on public criteria (Fed not on Jury).
Working Cities Challenge

Initiative Progress

- Over $10 million in prize funds contributed by partners, roughly 30% private, 30% public, 30% philanthropic.
- Round 1 cities have leveraged $1.4 million in prize funds into $6.4 million so far.
- Strong publicity, well known in NE communities: 133 articles over 4 years.
- Steering Committees in all three states with high-level public, private and philanthropic leaders changing local institutions, creating new connections for Fed.
- Two FRBB research initiatives underway: control trial evaluation of Lawrence effort, multi-state assessment of cross-sector collaboration.
- State-level changes: new state resources for collaborative economic development in small cities (e.g., MA’s $3 million Urban Agenda fund and $15 million Transformative Development Initiative fund).
- More national attention to small- and mid-size cities, particularly in philanthropy.
“We should consider improvements to work environments and policies that benefit not only women, but all workers. [...] Reforms that encourage companies to provide some predictability in schedules, cross-train workers to perform different tasks, or require a minimum guaranteed number of hours in exchange for flexibility could improve the lives of workers holding such jobs.

Another problem is that in most states, childcare is affordable for fewer than half of all families. And just 5 percent of workers with wages in the bottom quarter of the wage distribution have jobs that provide them with paid family leave. This circumstance puts many women in the position of having to choose between caring for a sick family member and keeping their jobs.”

JANET YELLEN, CHAIR, FEDERAL RESERVE, “SO WE ALL CAN SUCCEED: 125 YEARS OF WOMEN'S PARTICIPATION IN THE ECONOMY, 5/5/17
What jobs are growing?

Source: Autor and Dorn (2013)
Disappearing Good Jobs

Source: Economic Policy Institute, State of Working America 2012
How much of the workforce makes less than $15?

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<thead>
<tr>
<th></th>
<th>New England</th>
<th>CT</th>
<th>ME</th>
<th>MA</th>
<th>NH</th>
<th>RI</th>
<th>VT</th>
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</thead>
<tbody>
<tr>
<td>All workers</td>
<td>32%</td>
<td>31%</td>
<td>43%</td>
<td>30%</td>
<td>33%</td>
<td>38%</td>
<td>39%</td>
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<tr>
<td>Male</td>
<td>29%</td>
<td>27%</td>
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<td>33%</td>
<td>33%</td>
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</tr>
<tr>
<td>Black</td>
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<td>41%</td>
<td>54%</td>
<td>42%</td>
<td>50%</td>
<td>58%</td>
<td>59%</td>
</tr>
<tr>
<td>Latino</td>
<td><strong>53%</strong></td>
<td>53%</td>
<td>38%</td>
<td>52%</td>
<td>44%</td>
<td>60%</td>
<td>25%</td>
</tr>
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Source: American Community Survey 2014
Our economy has produced a polarized job market, with low-wage and low-skilled jobs growing at a faster rate than middle-skills jobs.

In New England, a significant share of our workforce makes less than $15 an hour (32%).

Despite employment gains, significant barriers for many, such as those with lower levels of education, minorities and with children, persist.

Goal: to increase the prevalence of high-quality jobs in our region.

Job Quality: wages, benefits (paid leave), income stability predictable scheduling and sufficient hours), worker voice.
Emerging Work on High Quality Jobs

To increase the prevalence of high-quality jobs in New England.

- A 5-year commitment from the Boston Fed.

- Strategies:
  - Inform policy – leverage our unbiased, data-driven approaches and analytical power.
  - Galvanize the funder and investment ecosystem.
  - Engage the business community.
  - Contribute to a new public narrative that does not juxtapose businesses to workers but rather makes the case for the benefits to our society and economy.

- Advisory Council to Community Development to inform strategies and opportunities to have impact in New England and the nation.
How to engage the Fed

- Learn about our efforts through FedCommunities.
- Contact your local Community Affairs Officer. Find your local Fed here.
- Attend our Investing in America’s Workforce Conference in Austin, TX, October 4-6.
- Todd Greene, VP – todd.greene@atl.frb.org
- Sol Carbonell, AVP – sol.carbonell@bos.frb.org
“Every state, region, and locality faces workforce development challenges and possesses diverse assets and resources that call for customized solutions. It will be critical for efforts to be more nimble, more responsive to employers, and more closely aligned among the various components of the workforce development process.”

- ESTHER GEORGE AND DENNIS LOCKHART,
- PRESIDENTS OF THE KANSAS CITY AND ATLANTA FEDERAL RESERVE BANKS