

A Design for Workforce Equity

Workforce Redesign for Quality Training and Employment: A Framing Paper

By Livia Lam October 2019



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Introduction and summary

Since the introduction of workplace computers in the 1970s, policymakers have been racing to outpace the workforce demands of the information age. Nearly half a century later, rapid technological advancement, globalization, climate change, and demographic shifts fuel an incomplete narrative of needing to prepare workers for a changed world. Because the reliance on smart systems and robots is expected to only increase with the growing adoption of automation, well-intentioned observers worry that the future demand for skilled workers will vastly exceed the supply.¹

To address these concerns, policymakers have promoted an expansion of skills training to help workers keep up in the changing economy. While previously, retraining responsibilities may have fallen to businesses that wanted to ensure their workers were prepared for the future, businesses are now investing less in workforce training.² Retraining programs can often be of low quality, and they are not necessarily responsive to labor market demands.³ As a consequence, workers have become obligated to discern the quality and labor market prospects of a training program; take time off from working; and contend with the costs not only of the training but also of books or fees, as well as child care, transportation, housing, health care, and all the other demands of adult life.

Importantly, all workers are not starting from the same position: Income and wealth inequality continue to rise.⁴ The reality is that even after considering protective factors such as increased education and training levels, wealth remains unevenly distributed as structural biases reinforce institutional barriers to employment. As argued by Race Forward, the overemphasis on skills attainment for many workers "fail[s] to recognize the historical and inter-generational way in which multiple systems, including not only workforce, but also education, housing, criminal justice and others, have created an inherent set of disadvantages for people of color." The overemphasis on skills training obscures the structural character of the problem that must be addressed: equity in workforce development.

This is particularly important because training is not a guarantee of a better life. Workers in more than one-third of the fastest-growing 20 occupations in the United States⁶ make less than the average income for workers across the country.⁷ Even completing a high-quality, labor market-responsive training program that focuses on one of those occupations would not necessarily lead a worker to a job that could adequately support a family or lead to future career growth.

And it would be naive to think that low-quality job training and low-paying jobs are evenly distributed among the job-seeking population. Women and people of color at all education levels overwhelmingly make up most of the workforce in lower-paying jobs. Women and people of color are often tracked into particular occupations, regardless of suitability or earning potential. Job training can either be a bridge to more financial stability, or it can be a funnel to concentrate certain types of job seekers into low-wage occupations.

While the importance of equality is acknowledged in workforce development conversations and programming, equity—and equality—are not clearly defined at the systems level; therefore, developing priorities for achieving them are not consistently or coherently explored. This is reflected in often shallow analysis about what equity is in workforce development. Unfortunately, contemporary policies prescribing what should be done to reduce inequality are often proposals for safe changes at the margins. Because rising inequity remains a complex problem, it should be tackled in a way that is intentional and thoughtful and should be more firmly positioned in the national policy agenda.

Whether someone has been unemployed for a long time; is a veteran, a woman, a person of color, or an older worker; didn't finish high school; has a disability; has a first language that is not English; or had past involvement with the criminal justice system, upskilling initiatives will be inconsequential without reorienting the workforce system. The old adage "one size fits all" has never been less true in workforce development. In the face of adapting to tomorrow's world of work, a new nationwide, comprehensive, and sustained approached is required, not just for closing a skills gap but also for combating economic inequality and moving the nation toward achieving workforce equity.

Because the way people learn, work, and live is transforming, so should public policy. For these reasons, the time is now to boldly reimagine a workforce system that ensures equitable employment outcomes, not just matching skills with any job. By countering the prevailing skills-gap narrative, this report provides a new policy framework for redesigning a training and employment system aimed at improving job quality; the framework advances workforce equity as the system's guiding priorities and core values.

This report calls for a workforce redesign and proposes building a new future-proof Workforce Equity Trust Fund (WETF) that will enshrine fundamental workforce protections into law. The major tenant of the new WETF makes job quality—not upskilling for upskilling's sake—the driving force in anticipating the inevitable future of work. For young people newly entering the world of work, this means supporting strong connections to preapprenticeship and work-based learning opportunities in their communities. Through the WETF, the strategy for raising wages and increasing work opportunities is central to serving incumbent workers. Additionally, the WETF will ensure that approaches for improving health and well-being are incorporated into rapid reemployment strategies for dislocated workers and temporary workers in contingent employment.

Simply, workforce equity cannot be concerned only with job training and work attainment, seen in isolation. If the workforce system is redesigned the right way, every individual looking for a new job, pathways to promotions, or a career change, as well as individuals in between jobs or juggling multiple jobs, will be entitled to high-quality skill training and employment services that guarantee equality of treatment in the workforce. By redesigning for workforce equity, policymakers would create a new system that prioritizes the future financial stability and economic security of every worker.

Specifically, this report offers four policy pillars to help frame and support building a new workforce equity system:

- 1. Broaden the share of economic risks by requiring employers of a certain size to pay into the WETF
- 2. Make standard and portable a suite of wraparound services and employment benefits for every worker through the WETF
- Improve workforce analytics by creating an accountability dashboard for multiple measures of job quality
- 4. Govern the WETF by a multistakeholder partnership comprising business, labor, and the public

This report provides the theoretical framing for placing equity concerns at the center of policymaking in workforce development. It also offers the conceptual underpinnings necessary to replace the norms that currently govern workforce development with a corresponding set of equity-focused policy and performance indicators.

Workforce equity: A conceptual framework of analysis

Federal job training policy in the United States has historically placed the onus of responsibility on the unemployed and underemployed to find immediate work. The Workforce Innovation and Opportunity Act (WIOA)—the current manifestation of federal law—authorizes workforce development programs that provide a combination of education and training services to prepare individuals, particularly those who face the greatest barriers to employment, for work and help them improve their prospects in the labor market.

The public workforce development system was designed to respond to unemployment during economic crises. Federal job training policy has roots in the Great Depression era, influenced by the employment focus of New Deal programs, the U.S. Employment Service program under the 1933 Wagner-Peyser Act, and the federal-state unemployment insurance program established under the Social Security Act of 1935. All of these programs were aimed at putting people back to work in federal and state jobs to rebuild the economy.¹¹

However, sometime between the Employment Act of 1946 and the Manpower Development and Training Act (MDTA) of 1962, the thinking began to shift. Workforce development and, specifically, job training policy were institutionalized as federal responsibilities for employment adjustment and economic stability, but notably, so was the federal emphasis on service delivery interventions directed at certain workers. Declared as part of the slate of War on Poverty programs under President Lyndon B. Johnson, training under the MDTA was viewed as an antipoverty program that targeted funding toward specific groups and communities based on poverty income thresholds. ¹²

In its legislative analysis of federal workforce programs, the civil rights organization Race Forward notes that it was not until the 1964 Economic Opportunity Act (EOA) that federal policy "employ[ed] an explicit equity lens, recognizing that workforce policy must acknowledge the root of Black unemployment." According to Race Forward's analysis, it was during the civil rights era that demands for better work conditions

became central to changing the public system. During this time, the federal government implemented a combination of interventions aimed at dismantling structural racism, from worker training and expanded educational opportunities to increased safety nets and attention to workplace segregation. Unfortunately, economic gains stemming from these policies were only realized over the short term.¹⁴

After the EOA, several iterations of federal job training were enacted following the civil rights era. From the Comprehensive Employment and Training Act and the Job Training Partnership Act to the Workforce Investment Act (WIA) and, more recently, the Workforce Innovation and Opportunity Act, the policy framework for workforce development shifted away from being race-conscious and placed a greater focus on business necessity and "bootstraps individualism," reflecting broader policy efforts to decentralize and deregulate government at the time.¹⁵

Training and career interventions aimed at individuals are well-studied

While it is beyond the scope of this report to conduct a comprehensive literature review on job training best practices, interventions and initiatives aimed at improving individual worker skills are commonly examined in both popular and scholarly publications. The conventional wisdom holds that if individuals are not working, it's because they do not have the skills that employers need, and if they want a different job, then they need to get trained. On the basis of this thinking, expansion of training and credentialing programs has become a silver bullet solution that has resulted in a range of policy pursuits, from boosting apprenticeship and academic and nonacademic educational credentialing to experimenting with variations of individual training accounts and income share agreement schemes.¹⁶

Indeed, an increasingly robust body of knowledge now exists. The U.S. Departments of Labor, Commerce, Education, and Health and Human Services, with input from several other federal agencies, prepared a report, "What Works in Job Training," that synthesizes the evidence of adult and youth job training strategies and programs. 17 The report highlighted a number of different workforce strategies that were effective job training programs for adults, including postsecondary education and industry recognized credentials; flexible and innovative skill-building training curricula and strategies; work-based training education; labor market information and guidance; cross-system coordination; and integrated education, training, and work supports. For youth, career preparation and career education; work experience and summer programs; work- and industry-based education, training, and career academies; and comprehensive and integrated models were found to be most effective.

In its literature review of coverage, effectiveness, flexibility, and coordination of policies and programs aimed to prepare workers for skilled technical jobs, the National Academy of Sciences (NAS) found several promising models that improved rates of successful completion of education and training as well as coordinated education and training opportunities tailored to employer needs. The study found that integration of academic education, technical training, and hands-on work experience improves outcomes and return on investment for students in secondary and postsecondary education, as well as for skilled technical workers in different career stages.

The same NAS study found that approaches aimed at better integration of academic and technical education and training showed promise in improving the quality of postsecondary education and increasing the return on investments in education and training for skilled technical occupations. Dual-enrollment programs and early college high schools and career academies were showcased as ways to improve links between secondary and postsecondary education. Centers of excellence and strategic sector partnerships linking training and work between employers and community and technical colleges have the potential to create better-integrated learning environments that meet local employer skill requirements. Intended to increase the portability and wider recognition of acquired technical skills, application of portable credentials were also found to help students receive the education and training they need to address the needs of local industries.

Additionally, the NAS study identified promising approaches that linked employers with workers, such as joint labor-management strategies and talent pipelines. Apprenticeship is another proven worker training intervention that combines on-the-job training with classroom instruction. Yet despite the establishment of "a formal system of 'registered apprenticeships' in 1937," the practice is notably underused in the United States. ²⁰ In recent years, in recognition of employers' growing calls for training more workers, policymakers have pushed to develop apprenticeship programs as a way to bridge the so-called skills gap. The U.S. Department of Labor, which administers the Registered Apprenticeship system, estimates that the average annual starting wage for an individual who has completed an apprenticeship is more than \$50,000, which can add up to about \$300,000 more in wages and benefits over the course of a career, compared with peers who have not completed an apprenticeship. ²¹

For workers, apprenticeship means a real job that leads to a credential that is valued in the labor market. Moreover, apprentices are paid for their time spent on the job, accumulate little to no student debt, and are generally retained once they have successfully completed their programs.²² Employers benefit as well. In short, apprentices are both an effective and cost-efficient strategy for employers to build their current workforce and sustain it for the future.

Other best-practice models include the BEST Hospitality Training initiative in Boston and Capital IDEA in Texas. These are two examples of employer-driven job training that have shown positive results for workers.²³ The Integrated Basic Education and Skills Training Program (I-BEST) program in Washington state has also been highlighted over the years as an effective way to serve non-native Englishspeaking students seeking workforce training.²⁴ This program creates classroom teams made up of professional-technical instructors with English as a second language or adult basic education instructors, who co-teach an integrated course of language and vocational skills training.²⁵

A 2010 Sectoral Employment Impact Study conducted by Public/Private Ventures examined the extent to which various sectoral programs raised the wages of lowincome and other disadvantaged workers. It found that at the three sites—the Wisconsin Regional Training Partnership in Milwaukee, Jewish Vocational Service in Boston, and Per Scholas in New York City—program participants earned higher wages than control participants and were more likely to work in jobs that offered benefits such as health insurance or paid leave.²⁶

Especially in occupations measured as high growth and in high demand by employers, the skills imperative tacitly accepts the view that upskilling leads to better employment opportunities, more chances for career advancement, and greater mobility for workers.

Job training programs do not necessarily guarantee good jobs or higher wages

Despite some targeted examples, overall research on job training programs' impact on earnings has yielded mixed results. For example, Mathematica recently completed its gold standard evaluation of the publicly funded workforce system, looking at whether providing intensive services and individual job training improved certain employment outcomes for study participants. Specifically, Mathematica found that in the 30 months after enrollment, study participants offered training from Adult or Dislocated Worker programs, compared with those receiving only core and intensive services, did not experience an increase in employment or earnings, on average.²⁷

Several studies suggest that individuals enrolled in job training programs are not necessarily connected to quality employment.²⁸ For example, the Georgetown University Center on Education and the Workforce found that while certificate programs increase earnings on average, programs in fields of study with high concentrations of women do not confer a substantial wage premium over a high school degree.²⁹ Meanwhile, a study from the Community College Research Center at Teachers College, Columbia University examined "stackable credentials," a strategy that organizes an associate degree program into a sequence of discrete but connected credentials that can be completed independently, and it found that few students continue beyond the first step in the stack.³⁰

Finally, in an evaluation of WorkAdvance, a sectoral-focused training model, MDRC found positive impacts on participation, completion, employment, and earnings rates across targeted sectors. At the same time, the findings also suggested that there are limits to what can be done on the worker, or supply side, of the equation.³¹ MDRC's findings also note that the amount of time spent on and the disposition of those implementing a program can affect whether a strategy such as WorkAdvance can "bear fruit."32 This means that on the demand side, experience in running a sector-based employment program can also be a factor. Among other issues, training providers should consider the time it takes to cultivate and deepen relationships with industry and allow for ongoing programmatic adjustment to make sure the workforce needs of employers truly offer upward advancement for those workers participating in training.

There is also growing recognition that credentials can provide currency in the labor market.³³ Educational systems, states, and the private sector are all placing greater emphasis on college and career readiness for students—especially those from underserved communities—claiming that credential attainment serves as a key point along their path to economic opportunity.³⁴

However, according to the National Academy of Sciences, the available research on certifications indicates that outcomes are highly dependent on context. Certifications appear to have more labor market value in some sectors than others, and some degree of quality control is exercised through third-party review or accreditation. For example, certificates that require long periods of study and are aligned with industry certifications provide more benefits to holders relative to those that require short periods of study.³⁵

A 2019 Excellence in Education and Burning Glass Technologies study found that of the 24 states for which data were available and analyzed, none were highly aligned in terms of supply for credentials earned by high school students and the demand for those credentials in the job market.³⁶ As discussed above, the Mathematica evaluation found inconclusive evidence of the connection between job training and increased employment earnings. At the same time, researchers in the study also showed an increased likelihood of participants receiving a credential if they completed a full set

of training services, which may suggest an oversupply of credentials that lack labor market demand. Here, a misalignment of education and career goals with employer needs—rather than a misalignment of skills and employer needs—has the potential to exacerbate employment gaps.³⁷

Federal legislative history shows that policymakers have continually resorted to employing job training programs as a form of economic intervention during recessions and expansions. Except for a short period of time during the civil rights era, overemphasis on individualism has remained pervasive in U.S. public workforce policy. Contemporary rhetoric on skills gaps continues a legacy based on the assumption of meritocracy.

Consequently, other types of mismatch that determine the level of labor market efficiency have been less closely examined in the workforce policy sphere. Drawing from a diversity of academic disciplines, what follows is a review of key literature that is intended to build a conceptual framework for defining economic equity as a core value driving workforce development.

Multiple mismatches in the labor market affect job seekers

This conceptual framework contends that the normative assumptions undergirding the skills mismatch narrative are oversimplified and incomplete.³⁸ This is not to suggest that educational attainment does not help workers secure job outcomes that matter. There is well-established research linking higher levels of education with higher earnings, better health, and longer lives. Additionally, planning for an uncertain future of work may render certain occupations susceptible to displacement, leading to increasing calls for new skills.

Yet an individual's ability to gain and maintain employment is also dependent on personal and social circumstances. Likewise, the extent to which employers fill open jobs is affected by their own characteristics and practices.³⁹ Research⁴⁰ on hiring,⁴¹ homeownership, 42 and education 43 suggests links between these practices and disparities in income, wages, wealth, and economic mobility. For example, economist David Neumark's research on wage differences across groups shows labor market discrimination and generally indicate that hiring discrimination is pervasive. 44 In particular, he delineates two types of hiring discrimination that have policy implications. While "taste discrimination" is tied to prejudice in hiring based on preconceived notions of a particular group, "statistical discrimination" happens when employer stereotypes

about the productivity of a group hold for a particular person. To reduce or even eliminate hiring bias based on taste discrimination, Neumark recommends policymakers consider rule changes that would raise the cost of discrimination. 45 With statistical discrimination, it may make sense for policymakers to simply put rules in place that provide more information about each individual job applicant.⁴⁶

In other words, the conditions that affect people's ability to find jobs that match their qualifications, interest, and needs vary. Beyond educational attainment, unemployment due to mismatch has been explained in economic literature as a function of multiple factors, such as changes in market structure, information gaps caused by inefficient job matching processes, lack of workforce flexibility, wages, and search channels used by job seekers.⁴⁷

Taking a multidisciplinary look at the literature from both macro and micro perspectives, sociologist Arne Kalleberg presents illustrative data on how changes in labor markets and the workforce have led to seven types of mismatches or conflicts between workers and jobs within the United States.⁴⁸ Prominently, when it comes to skills, workers are mismatched not only by being underqualified but also by being overqualified. For example, economists Alicia Sasser Modestino, Daniel Shoag, and Joshua Ballance show that the skills gap during the Great Recession was a consequence of high unemployment, as there were more qualified workers from which employers could choose.⁴⁹ In addition, geographical mismatch can indicate fit between workers and the quality of their employment. Moreover, Kalleberg's review looks at the intersection between work and life outside the workplace, finding that workers can also face earnings and work-family mismatches.

Sociologists Manuel Pastor and Enrico Marcelli also consider network-based opportunities as an indicating driver of labor mismatch.⁵⁰ While skills matter, the authors note that improving network contacts, "as in the sort of direct connections to employers," would help better one's labor market outcomes. Put differently, a lack of "highquality" social networks affects individuals' economic outcomes, especially for those living in areas of concentrated poverty and joblessness; moreover, it constrains their ability to develop the contacts necessary to establish a toehold in the labor market. As described by the research above, differing employment relationships, power relations in the labor market, social networks, and structural lags, among other factors, can produce job mismatches.

Skill shortages are one of several supply-side causal factors of labor market mismatch, but as economists John Adams, Malcolm Greig, and Ronald W. McQuaid suggest, skills are also part of a subset of wider recruitment difficulties in what they classify as "nonsupply side factors," such as employer demand in explaining the full extent of labor mismatches.⁵¹ In a survey, the authors examined employer characteristics, the nature of vacancies, recruitment practices used by employers, and the nature of the relevant labor market. They found that employer demand-side factors are a significant contributor to the duration of job vacancies—specifically, that a larger firm size, higher percentage of skilled workers, gender-blind attitude to recruitment, use of recruitment agencies, and countrywide vacancy advertising were all associated with longer vacancy duration.

Moreover, research on the role of skills development policy on Black workers suggests that skills training through the public workforce system does not guarantee success in the labor market.⁵² Importantly, when employers have poor information about job seekers, they are more likely to make hiring decisions using imperfect signals of productivity, such as the job seekers' race or welfare status. While using these signals unfairly discriminates against entire groups of job seekers, employers may rationalize discrimination as a way of screening out job candidates who they deem as less productive.

Notably, tighter labor markets are viewed as one means of combating discrimination in hiring.⁵³ For example, in a paper about obstacles and potential opportunities for generating inclusive economic development in lower-income communities, economist Harry Holzer notes, "Tighter markets are the best antidote we have for overcoming employer prejudices and reaching out to categories of job applicants that they've avoided in the past."54 Yet even though recent reports suggest an increase in hiring of individuals with barriers to employment—such as those with a former prison record⁵⁵ or a disability⁵⁶—due to tighter labor markets, income gaps remain wide.

To redress this economic imbalance, workforce development thinking must shift so that the sole focus is no longer on upskilling but rather on creating a new system in which aggregating employer demand is determined by equity considerations. As discussed above, supply-side job training interventions alone are insufficient to broadly manage changing employment effects and planning decisions when measured against factors such as stagnant wages, stalled compensation, and increased affordability issues. In order to drive the pursuit of inclusive economic growth, public policy must systemically align multiple mismatches in the labor market.

Inequality of opportunity matches job outcome

By widely recognizing the economic reality that multiple labor market mismatches both coexist and are persistent, policymakers have the potential to apply an equity lens aimed to improve future job prospects for workers, especially against the evidence of deep structural barriers. Groups of workers that differ by personal characteristics such as gender, race, ethnicity, sexual orientation, past criminal record, physical appearance, or disability often exhibit measurable differences in wages and employment.⁵⁷

In terms of educational attainment, for example, wealth inequality research has shown that white high school dropouts have the same chances of getting a job as Blacks who have completed some college or earned an associate degree. 58 In fact, Blacks face higher unemployment rates than whites at every level of degree attainment.⁵⁹ Moreover, research conducted in 2016 by the Center for Law and Social Policy (CLASP) found that Black and Latinx workers not only earn significantly less than the average white worker but also are much less likely to have access to paid family leave and sick days and are more likely to experience unstable scheduling at work.⁶⁰ According to CLASP, by taking on these issues of job quality, the enormous disparities between workers facing barriers to employment could ease over time, which ultimately could have broader impacts on reducing inequality.

Even effective strategies to train workers show evidence of bias. Registered Apprenticeship, a proven strategy that combines paid on-the-job training and classroom instructions, skews heavily toward men, with women deeply underrepresented in apprenticeship programs.⁶¹ According to the U.S. Department of Labor, in 2013, women made up less than 7 percent of all apprentices, even though they made up nearly half of the labor force.⁶²

While U.S. policymakers often laud international apprenticeship models,⁶³ these models do not effectively address inequity. In their 2015 study, economists Eric Hanushek, Guido Schwerdt, Ludger Woessmann, and Lei Zhang looked at the relative labor-market advantage of vocational education across 11 countries. 64 They found "a clear tradeoff" between short- and long-term labor outcomes for workers with general and vocational education. Specifically, they found that early employment gains were "most pronounced" in countries with strong apprenticeship systems.⁶⁵ While individuals with general education initially face worse employment outcomes than those with vocational education, the former group's work experience improves employment probability as they become older.⁶⁶ On the flipside, apprenticeships resulted in easier entry into the labor market but greater withdrawal at older ages.⁶⁷

Occupational segregation is another form of employment bias that cuts through the positive impact of skills attainment. For example, research from the Strada Education Network and the Lumina Foundation finds that adults without a postsecondary degree but who attained certification have a higher median annual income—\$45,000—than those without a credential—\$30,000.68 However, the study also notes that wage premiums depend on occupation, as they are as high as \$25,000 per year in some fields, while little to no advantage exists for other types of jobs. Further complicating these data, significant gender gaps exist among this population, with increased earnings for men that are more than double the earnings for women.⁶⁹

Signs of labor mismatches and occupational segregation in the health care sector

A growing body of evidence demonstrates that occupational integration helps all Americans contribute to enhancing the productivity of firms. Yet for the past two decades, women's wages have grown more slowly than men's wages. Of the 10 jobs with the highest projected growth by 2026, five are health care-related. Two of these professions, home health aides and nurse practitioners, provide powerful examples of how occupational distribution by gender and race continue to characterize the labor market, as well as how employment gaps persist within certain sectors.

To become a home health aide, one needs a high school degree and short-term on-thejob training. With median pay at just a little more than \$24,000 per year and constant physical and emotional demands, there are often high turnover rates among home health aides. Women are disproportionately represented in this profession. Moreover, of all home health aide workers, more than half are women of color, one-quarter are immigrant women, and 1 in 5 is a single mother.⁷¹

In comparison, a master's degree is required to become a nurse practitioner. In 2018, the median pay for nurse practitioners was almost \$114,000 per year, and unlike the low wages and poor benefits of home health aides, full-time nurse practitioner jobs generally come with benefit compensation. Yet while a majority of home health aide workers are people of color, 85 percent of all nurse practitioners are white.⁷²

While the home health field is often considered a gateway to career pathways for higherpaying health care professions, workers of color are markedly overrepresented on lower rungs of the occupational ladder. Occupational gender and racial segregation in health care, as well as other occupations across sectors, is one of the most pervasive aspects of economic inequality, making upskilling from home health aide to registered nurse what has been considered a nursing pathway—an atypical outcome.

Continued evidence of persistent racial, economic, and employment disparities belies the simplistic narrative of increased individual skills attainment as a silver bullet for the lack of mobility and equally shared outcomes across groups. Occupational segregation patterns, as highlighted in some of the examples above, shine a light on the fact that high-quality training and credentialing programs are not always linked, especially in terms of centrally addressing structural barriers to employment.⁷³

As outlined above, analyses of federal job training and increased earnings have shown mixed results.⁷⁴ Trends in inequality of outcomes are clear,⁷⁵ and literature suggests that labor market mismatches do not occur independently but rather on multiple dimensions. Taken together, the conceptual framework outlined above suggests that variability is inherent. The widespread recognition and growing debates over income inequality and its consequences for both the economy and society are producing a growing body of research on wage stagnation—and the options for policymakers and private sector decision-makers to address it. ⁷⁶ A growing consensus finds not only that equity-centered strategies are necessary to promote mobility but also that indicators accounting for equity must be sensitive to the structural biases that anchor many institutional systems.⁷⁷

The next section presents a policy framework encompassing four principle features for policy change. These levers help describe the spectrum of structural factors that particularly influence the breadth and depth of viable business and systems interventions—beyond upskilling—to generate inclusive economic growth.

A workforce redesign for quality training and employment

In order to transform the current workforce development system so that it is more equity-oriented, policymakers and society more broadly must reexamine their current perceptions of individuals' paths toward economic success. This section makes a case for redesigning workforce policy, moving away from a redistribution of funds and services for targeted job training programming,⁷⁸ and creating a system in which all workers are entitled to high-quality skills training and employment services that guarantee equality of treatment in the workforce.

In designing for equity in public education, educators and creators of the equityXdesign project Caroline Hill, Michelle Molitor, and Christine Ortiz wrote that, "Equity work helps us understand where we are and how we got here, but it is missing the tools for building a different reality."⁷⁹ Unfortunately, this sentiment can also be applied to workforce development. The framework outlined in this report represents an equity-centered ecosystem of structural incentives designed for workforce development policy to help shift patterns of income stagnation, occupational segregation, and labor market stratification toward a sustained economy in which upward mobility and inclusionary growth reinforce each other. While supply-side skills training policies are already important, they have the potential to be equity-enhancing if implemented in conjunction with a broader set of supply-side and complementary nonsupply-side policies.⁸⁰

More precisely, redesigning for workforce equity requires building a new futureproof Workforce Equity Trust Fund. The ecosystem in which the new WETF operates must be shaped by four fundamental policy features:

- 1. Broaden the share of economic risk by requiring employers of a certain size to pay into the WETF
- 2. Make standard and portable a suite of wraparound services and employment benefits for every worker through the WETF
- 3. Improve workforce analytics by creating an accountability dashboard for multiple measures of job quality
- 4. Govern the WETF by a multistakeholder partnership comprising business, labor, and the public

1. Share economic risk equitably: Financing a trust fund dedicated to job quality

Job training in the United States is financially structured as an in-kind transfer from government to citizens.81 Although the Workforce Innovation and Opportunity Act is not the only funding source for training, the landscape of public funding for job training is complex, with multiple funding sources and streams that are controlled by a variety of actors and used differently across geographic areas. 82 Under current law, mandatory funding for the largest job training programs is disbursed as formula grants to states. The majority of state funding—85 percent—then flows to local workforce development areas, with the remaining 15 percent set aside for statewide activities at governors' discretion.

Funding for the WIOA's six core programs—WIOA Adult, WIOA Dislocated Worker, WIOA Youth, Adult Education and Literacy, the Wagner-Peyser Employment Service, and Vocational Rehabilitation—can be used for on-the-job training, career development, and job search assistance, among a range of other employment-related activities. In addition, participants approved for job training under the WIOA can choose among eligible programs using voucher-like individual training accounts (ITAs).83 On the discretionary side, competitive grants, such as the American Apprenticeship Grants program, are awarded to states or local organizations, allowing the federal government to target geographic areas, populations, or occupations where the need for training is perceived to be greater.84

Like the Workforce Investment Act before it, the WIOA embodies elements of a market-driven approach to delivering education and training to disadvantaged populations, measuring its success based on a set of outcomes that are designed to more efficiently target education and training service delivery. 85 Put a different way, the public workforce system is driven by a free-market approach that for some observers, says economist Gene Sperling, is a "fundamentalism that seems blind to morality or fairness."86 Current law is structured in such a way that, in practice, state and local workforce development boards (WDBs) contract with providers, such as local community colleges, high school districts, and private companies that have been approved to offer training to individuals eligible to receive WIOA funds. Additionally, states themselves can enter into contracts with institutions of higher education and other eligible training providers to facilitate the training of a group of individuals.

The challenge to funding workforce development along equity lines is that under the current free-market approach, various types of training providers, such as community colleges, must compete for customers. Literacy levels, language barriers, knowledge of the employment sector, and the ability to navigate a complicated and unfamiliar bureaucracy are all potential barriers to the information an individual would need to make an informed educational choice.⁸⁷ In this sense, the requisite contract training inherently sets up tensions between equity and efficiency—especially for community colleges, which are designed to serve the most disadvantaged student populations and often function as critical links between education and employment sectors.⁸⁸

Consistent with free markets and individualist thinking, the United States requires most students and workers to pay for most of the cost of postsecondary education, which is in contrast to many other developed countries.⁸⁹ Accordingly, America should learn from other countries as it searches for different financing mechanisms. For example, the French Constitution enshrines the right to education for all of its citizens including adults, who have a right to instruction and vocational training. 90 In this way, the government-created statutory right to training in France is similar to how the U.S. government legislates the right to holiday time. This universal right to training serves as a model of a legal principle for the United States to follow as it redesigns its workforce system to one aimed at advancing equity. Under the French statutory training scheme, employers are obligated to ensure adaptation of France's workforce to their workplaces. As a result, employers finance the bulk of the country's vocational training system through a payroll tax. 91 In addition, the French training system is characterized by lifelong learning for workers. Personal training accounts (CPFs) entitle workers to training throughout their professional life. 92 This is just one of several different forms of training designed to safeguard everyone's professional progress, no matter what situational changes they encounter during their careers.93

As discussed above, the impact of job training programs on increased earnings is modest at best. Workforce advocates suggest that this lackluster impact is partially due to inadequate federal investment in job training. 94 When it comes to spending, another challenge is that the current workforce system in the United States is woefully insufficient and ranks at the bottom of the countries that have joined the Organization for Economic Cooperation and Development (OECD).95 In 2015, research by the Council of Economic Advisers found that the percentage of workers receiving employer-sponsored training fell by more 40 percent between 1996 and 2008. Labor leader David Rolf points out that although firms are expressing their growing interest, "corporate investment in worker training is at all-time lows." 97 Economist Robert LaLonde argues, "The best summary of the evidence about the impact of past programs is that we got what we paid for."98

In a redesign aimed at closing equity gaps, a new workforce equity system could turn to national trust funds as a sustainable financial instrument. Under this scheme, revenues generated through a trust would be dedicated to providing public subsidy for the development and operation of a new workforce equity system. The distinct advantage of employing a trust is that it provides a steady source of funding and carries assurances that its funds will be used for stated purposes.⁹⁹ For example, administrators of this type of national trust would be obligated to set decision rules dedicated to improving equity in the workforce system and would make considerations consistent with other sectorwide approaches such as housing. Operating trust funds in this way can reduce administrative costs and achieve greater efficiency. 100 National trust funds are a model financial instrument for providing a sustainable and stable way of paying for quality.

Under the framework proposed in this report, funds set aside from a newly established workforce equity system would generate income for the sole purpose of updating and improving skills training and job quality standards, entitling workers to a quality of life at work. While the policy design can vary, a financing solution is to levy into a trust fund a minuscule 0.05 percent tax on corporations with gross receipts of \$250 million per year or more. Based on estimates from the Center for American Progress, such a small tax has the potential to generate and funnel billions of dollars into a system set up to mitigate against bias and support inclusive employment strategies, generating anywhere from \$5 billion to \$8 billion in revenues per year. 101

On top of taxing payroll and profits, applying a levy to gross receipts would provide proportionally equitable treatment across firms. Higher receipts and larger firms are able to absorb relatively miniscule costs by investing in the future workforce as all businesses adjust to the impacts of economic change. At the same time, dedicated revenues would be coming from the beneficiaries of the trust fund: the employers. In other words, businesses would benefit through increases in productivity and decreases in turnover by affirmatively investing in all workers. Employers wholly benefit from a more educated workforce, thereby helping enable economic adjustment and stability.

These contributions represent the shared responsibility of the employer community to improve workplace standards and overall job quality. Economywide, the potential investments produced from the trust fund would not just provide long-term support for workforce development but would also help build a more equitable and inclusive economy. Trust funds and other employer-financed schemes are not new to the United States. In just its first three years, the National Housing Trust Fund allocated nearly \$700 million to states to ensure access and affordability through the housing market.¹⁰² In Washington state, with the passage of the Workforce Education Investment Act, the state is expected to raise nearly \$1 billion over four years to help families making around 70 percent of the state's median family income earn a full-tuition scholarship to college or apprenticeship training. By increasing rates on Washington's business and occupation tax, this employer-sponsored financing approach is estimated to affect about one-fifth of all businesses in the state, providing what policymakers call "foundational support" to recession-proof the state's colleges and universities. 103

In California, employers contribute annually a 0.001 percent Employment Training Tax (ETT) on the first \$7,000 in wages paid to each employee to a workforce fund, for the purpose of "improving the competitiveness of state businesses" in certain industries. 104 Also in California, the city of San Francisco recently passed the Early Care and Education Commercial Rents Tax, which imposes a new gross receipts tax on the rental of commercial and warehouse space to fund early care and education initiatives in the city. 105

Similarly, in Texas, the Employment and Training Investment Assessment requires employers to contribute 0.10 percent of wages into an employment and training investment holding fund. 106 In Massachusetts, employers contribute a rate of 0.056 percent into the Workforce Training Fund, which provides state businesses with training grants for incumbent worker training. 107 New Jersey offers another example. Since 1992, employers have been subject to a Workforce Development Partnership Fund tax rate, and any revenues generated from this fund are used to provide training grants to dislocated and disadvantaged workers, as well as employer-provided training for incumbent workers. 108

2. Standardize inclusive policies: Aligning equity initiatives

Supportive services under the WIOA are available to help eligible recipients enroll and complete job training programs. Services include but are not limited to transportation, child care, and assistance with housing or tuition. 109 While support services are permitted under current law, research by the Institute for Women's Policy Research suggests that many of these supportive service needs have been unmet. 110 By standardizing and making portable a suite of wraparound services and basic employment-based benefits, a new workforce development system could not only recognize that work and employment conditions are constantly changing but also allow for adaptability, as these policy supports would apply to any type of worker seeking employment.

To standardize and make portable a suite of wraparound services and basic employment-based benefits that promote job quality and equity, the WETF would set a high standard for partnership by working with training providers and employment service intermediaries to pair them with existing initiatives or developing efforts that put in place workplace standards associated with better jobs. This means that training providers and workforce intermediaries must pursue strategic partnerships with explicit initiatives aimed at addressing equity gaps. Adopting efforts, strategies, and initiatives that already exist through memoranda of understanding or other formal contractual agreements between stakeholder intermediaries offers a mechanism for demonstrating a partnership-advancing economic inclusion. Formalizing partnership agreements to advance equity effectively creates a decision rule for defining the scope and methods for enabling quality employment.

A range of efforts to help advance equity are already operating at the state and local levels. For example, cities and states receiving infusions of public infrastructure funds are increasingly adopting targeted hiring standards and apprenticeship utilization requirements, focusing efforts on hiring apprentices who both live in the affected communities and experience significant barriers to employment. Washington state and Alaska, for example, have adopted policies that require 15 percent of the work on public-supported construction projects to be performed by apprentices. 111 At the local level, cities such as San Francisco and Seattle have seen increased participation among women and people of color in Registered Apprenticeship programs as a result of applying similar requirements. 112 Embedding targeted hire and apprenticeship utilization within the workforce system can potentially provide equity-enhancing mechanisms for driving structural change.

Prevailing wage laws as governed under the Davis-Bacon Act offer another set of policies that could be leveraged by a new, equity-minded workforce system. When companies work on government-funded projects, they are required to pay wages and benefits that match existing compensation levels in both the industry and the region. 113 While the WIOA requires companies to meet minimum wage requirements as set forth in the National Labor Relations Act, 114 extending prevailing wage laws beyond the current WIOA standard would help provide a new, equityenhancing workforce system that could better standardize wages across an industry and ensure that government spending does not drive down market wages. While prevailing wages are common in the construction industry, these protections have been expanded to service contract workers in cities and states such as New York City and Connecticut.¹¹⁵ Additionally, municipalities have also begun to apply prevailing wage requirements to grants, loans, and tax breaks. 116

By instituting formal partnership agreements with municipalities as an alignment lever, a new system aimed at increasing workforce equity could apply prevailing wage laws to all forms of spending, including contracts, grants, loans, and tax subsidies. In addition to direct government spending, prevailing wage standards should be applied to spending of quasi-government structures such as independent authorities, as well as spending that occurs through public-private partnerships.

In a survey of 70 workforce development organizations nationwide, Race Forward found that One-Stop Career Centers—where job seekers and employers can access employment services—were able to provide general support services to a greater extent than community-based organizations (CBOs). However, the same study found that fewer than 50 percent of CBOs and One-Stop Centers "provid[ed] wraparound services for workers of color ... such as language assistance for non-English speakers, housing support, and mental health support."117 Innovations around the development of portable benefit structures offer the potential for another equity-enhancing approach in which benefit supports such as paid family and medical leave, health insurance, retirement plans, and workers' compensation will follow the job seeker.

Most notably, Washington state introduced portable benefits legislation that, if enacted, would require gig economy companies that offer services to consumers to make contributions to nonprofit benefit providers for their workers taxed under 1099 status. These contributions would provide workers' compensation, as well as a range of other benefits that are determined by the provider, with input from workers themselves. 118 A long-standing practice in the union construction trades, making available a suite of benefit supports outside of traditional employer allocation systems would enable workers to move more easily between jobs or to have multiple jobs. This structure provides a useful mechanism to share the costs of benefit supports if a worker has multiple employers or regularly switches employers. The same concept should also apply to job seekers. In other words, job seekers participating in a new equity-oriented workforce system should also have access to a similar benefits structure.

In 2018, the city of Seattle passed the Seattle Domestic Workers Ordinance, which not only guaranteed core labor standards for domestic workers but also established a wage board to oversee the development of portable benefits for domestic workers.¹¹⁹ New York and California, as well as countries such as Australia, have shown that such boards can raise wages for all types of workers. 120 Using measurable workforce indicators such as particular skill sets for employment responsibilities, wage board panels help improve job quality by negotiating minimum workplace standards, such

as wage levels, and benefit and scheduling requirements. Moreover, as opposed to simply funding benefits through wage decreases, wage boards help raise minimum employment standards across an industry, bringing together employers, workers, and the public to negotiate wages and benefits. 121

By establishing formal agreements with existing wage boards or by incentivizing the formation of such entities, partnerships within a new workforce system can help raise wages for all workers, improving compensation for middle- and low-income workers regardless of their race, gender, sexual orientation, or classification of previous work experience. As intermediaries, such equity-oriented partnerships within a newly designed workforce system would also help wage boards influence industries to be more productive by helping similar work receive similar pay and promoting quality training.

In recent years, states and the federal government have also taken steps to unwind the damage caused by mass incarceration, overcriminalization, and general criminal justice policies that have disproportionately affected Black and Latinx communities. 122 Pairing workforce strategies with fair-chance policy efforts, such as record clearing and paying incarcerated individuals at least the minimum wage for any work they perform, offers another partnership opportunity to enhance equity by helping ease previously incarcerated individuals' pathway to reentry into employment.

Application of formal agreements between a newly designed workforce system and existing efforts that work to promote social and occupational integration can be a particularly powerful tool to help groups that face persistent discrimination in the workplace. Moreover, by incorporating multistakeholder partnerships, this new workforce system could standardize a decision criterion that leverages equityenhancing levers in support of equitable economic growth.

3. Improve data analytics: Employing multiple measures of accountability

The WIOA establishes six common performance measures for core programs: measuring employment rates after the second and fourth quarters after exit from a program; median earnings after the second quarter post-exit; credential attainment; measurable skills gains; and effectiveness in serving employers. 123

A large amount of literature has studied the linkages between the effects of labor market institutions and patterns of growing wage inequality.¹²⁴ However, the U.S. public workforce system—as currently structured—fails to determine whether individuals who become employed after completing job training are sustaining a job that is of high quality.

In contrast, in the European Union as well as other OECD countries, job quality is an important policy concern due to the effects it has on labor force participation, well-being, and economic performance. 125 For these countries, job quality is viewed as crucial to making work sustainable and keeping workers motivated to remain in work for longer.

Specifically, the OECD framework for measuring and assessing job quality considers three dimensions of a job that are important for worker well-being and relevant for policy development: 1) Earnings quality; 2) labor market security; and 3) quality of the working environment.¹²⁶

Earnings quality refers to a worker's job earnings and their contribution to that worker's well-being, such as living standards. Labor market security, under the OECD framework, measures the probability of job loss and its economic cost to workers.¹²⁷ The third OECD dimension assesses the quality of the working environment by considering noneconomic aspects, such as time pressure on the job, physical health risks, and insufficient resources to accomplish required job duties. 128

Taking these features together, the OECD framework offers a comprehensive model for assessing job quality. A newly designed U.S. workforce system should similarly implement higher-quality accountability and improvement systems that include multiple measures, such as those outlined above.

For example, rather than merely tracking median wages, a new system could measure the distribution of earnings across the workforce or take into account income data, along with regional cost-of-living measurements, in order to use data-informed decision-making to build a deeper understanding of job quality. 129 Furthermore, integrating equity-oriented indicators could help determine what issues are prioritized by state and local workforce areas, what practices are incentivized, and what policies and supports are provided to ensure that individual needs and economic inequality are both addressed. 130

Data-informed decision-making is a key input, among many other variables. Specifically, a new, equity-enhancing workforce system should use multiple measures of data analytics to help account for how much structures and policies mitigate—or reinforce—employment bias, while also increasing understanding of how current job training and workplace practices keep many people from getting more education or increasing their earnings. Unlike the design features of the current workforce system, these measures would help drive a process of continuous feedback, with a focus on collecting and sharing data that inform and potentially transform workplace structures.

Moreover, the implementation of multiple measures of accountability would not necessarily require new data collection methods. In designing such measures, a data platform for managing performance and accountability should incorporate not only models and methodologies that use labor market information for real-time and predictive analytics but also data-sharing agreements with institutions already engaged in measuring equity.

For example, the city of Oakland, California's, Equity Indicators, a tool used to measure the disparities faced by disadvantaged groups, could serve as a data source.¹³¹ Developed by the City University of New York Institute for State and Local Governance and funded by the Rockefeller Foundation, the Equity Indicators tool was first piloted in New York City, and in addition to Oakland, the application of this tool has now expanded to Pittsburgh; Dallas; St. Louis; and Tulsa, Oklahoma. 132 Under this initiative, these five cities have developed indicators comparing outcomes for groups likely to experience inequalities across six thematic areas: economy, education, health, housing, justice, and services. 133

The Equal Employment Opportunity Commission (EEOC) offers another data source to help bridge performance management, labor market information, and equity indicators. It requires employers with at least 100 employees—and federal contractors with at least 50 employees—to file an EEO-1 report with a count of employees by establishment and job category, disaggregated by race, ethnicity, and gender information.¹³⁴

The EEOC also requires employers to report the total number of full- and part-time employees by demographics based on pay band and job category, as well as hours worked by all employees in each band. 135 Employing formal contracts would aid in establishing guidelines on how different data sets can be shared and used by a workforce system set up to hold itself accountable to increase equity outcomes. In considering a dashboard of multiple measures, data-sharing agreements can help improve efficiency, reduce duplication of efforts, and accelerate innovation.

Every Student Succeeds Act

The federal Every Student Succeeds Act (ESSA), which governs federal K-12 education policy in the United States, requires states to develop systems for measuring and improving school performance. The law requires states to disaggregate data by race and ethnicity, gender, family income, and other factors and to hold schools accountable for the performance of each group of students. 136

Moving beyond the 2001 No Child Left Behind Act, ESSA requires the use of multiple measures of accountability, calling upon states to evaluate student and school progress beyond test scores and graduation rates by also including one or more "indicators of school quality or student success."137 Carefully chosen measures can help shine a light on poor learning conditions and other inequities and can provide incentives to expand access to important learning opportunities, such as high-quality college- and career-ready curricula; effective teachers; and indicators of parent and community engagement.

As scholar and educator Linda Darling-Hammond says, "A skillfully designed dashboard of indicators can provide objective, measurable ways for schools, districts, and states to identify challenges and solutions to close opportunity gaps."138

A recent report by the Learning Policy Institute found that historically underserved youth often fail to receive the educational resources and supports they need and that their graduation rates suffer as a result.¹³⁹ The report cites that almost three-quarters of a million youth—disproportionately underserved—do not complete high school each year, and this has wide-ranging negative effects on society. 140 Because ESSA rewards states for seeking strategies to better support the success of all students, the public education system can systemically change those negative student outcomes by using multiple measures of school quality or student success.141

Jobs-housing fit offers another way by which a newly designed workforce system can measure job quality. Especially when accounting for livability in growing job centers, measuring the balance between the total population of low-wage workers and the number of available homes they can afford can be a particularly useful equity indicator. By better understanding how housing production aligns with the income of available jobs within the same geography, workforce systems can help not only promote housing security but also influence employment stability. Urban planning scholars Chris Benner and Alex Karner have developed one such indicator to address affordable housing advocates' concerns that certain jurisdictions in San Francisco are not producing sufficient housing units to meet the needs of low-wage workers employed in the region. 142 They measured the "low-wage jobs-housing fit" as the ratio of low-wage jobs to affordable rental units in any given jurisdiction or census tract. 143 Ensuring a low-wage jobs-housing fit, which the authors describe as a "match between the quality and character of local housing and the wages, tastes, and preferences of the locally employed workforce," is particularly important from an equity perspective, as severe shortages of affordable housing in expensive cities such as San Francisco often push low-income residents—especially people of color—out of neighborhoods, thus prolonging their commutes. 144

Strong workforce partnerships mean that everyone gains from these relationships. If designed with a focus on shared accountability, the benefits of effective partnerships can be an equity-enhancing strategy in workforce development. Particularly, integrating quality metrics of partnership effectiveness would serve as another equity indicator in a dashboard of multiple measures.

As outlined above, a new workforce system should promote multistakeholder partnership approaches as a mechanism to deliver equity goals. And based on indicators such as proposed scope, purpose, and structure, assessing partnership performance—as a metric—would help develop a better understanding of how to structure partnerships and maximize their effectiveness.

For example, in education, The Wallace Foundation created the Partnership Effectiveness Continuum (PEC), a tool to help school leaders better understand how partnership can support and improve teacher quality. 145 Organized into six dimensions, with corresponding indicators and criteria for each, the PEC views partnership vision; institutional leadership; joint ownership and accountability for results; communication and collaboration; system alignment, integration, and sustainability; and response to local context as essential to supporting the development of highly effective partnerships. 146 According to this model, effective partnerships can lead to a shared vision, build trust, and leverage scarce resources to focus on joint improvement strategies. 147 A newly designed workforce system could take a similar approach to the PEC as a means of ensuring that new partnerships are leveraged to achieve equitable employment outcomes.

Including partnership effectiveness among a dashboard of multiple measures of job quality would help distinguish a new workforce system that is committed to improving outcomes for individuals with barriers to employment. The ability to choose among an array of indicators implicitly rewards partnerships for adopting inclusive policies and practices designed to equip and empower individuals to succeed and to result in attaining quality employment. Furthermore, by gauging employment progress based on job quality and by providing effective individual training programs, a new workforce system can more effectively support the success of individuals most marginalized in the labor market. Multiple measures accounting for workforce equity can inform processes for continuous improvement and help allocate resources to improve employment outcomes and close employment gaps. 148

4. Govern by multistakeholder partnerships: Bringing workers, employers, and communities to the decision-making table

As part of a broader wave of federal deregulation in the mid-1970s and into the 1980s, the Comprehensive Employment and Training Act created private industry councils, which not only introduced the concept of governing boards but also gave way to expanding the role of the private sector in planning, implementing, and monitoring job training programs. Subsequent iterations of governing boards, including state and local workforce investment boards under the WIA and current workforce development boards authorized by the WIOA at the state and local levels, remain responsible for administering job training programs in their respective jurisdictions and for contracting with local organizations to provide employment services and deliver job training.

Specifically, current law requires states to establish WDBs, which then identify local workforce development areas that are governed by local WDBs. By law, state WDBs must be comprised of a majority—51 percent—of private sector employers. ¹⁴⁹ At least 20 percent must represent the workforce, including representatives of labor organizations, training directors for joint labor-management apprenticeship programs, and relevant community-based organizations. The board makeup at the local level largely mirrors the state. 150

However, in the entire history of labor strife in the United States, the adversarial principle has long meant that there are tensions between workers and employers. Although the public workforce system, under current law, places stronger emphasis on meeting the needs of employers, labor unions have a long history of delivering effective, job-relevant training to their members. Together, these tensions have effectively positioned the public workforce system as a bystander in the cultivation of harmony between labor and management parties. For this reason, a newly designed workforce system aimed at improving job quality and advancing equitable outcomes must move beyond the employer-led employment relationship paradigm.

Whereas U.S. workforce policy lacks industry and worker arrangements that equally represent labor and management, most other developed countries have instituted formal tripartite mechanisms that require governments, labor representatives, and employers to jointly coordinate in the planning and administration of education and workforce development policies and practices at the national level. For example, human capital development policy in Singapore seeks cooperation between employers, unions, and government in order to ensure that all three agree on workforce strategies before implementing them at the national level.¹⁵¹

The tripartite social dialogue and the development of tripartite arrangements state-led coordination of trade unions and employer bodies—have proven to produce sustainable solutions in Western Europe, especially in terms of social and wage pacts. 152 From the very start of European integration, consultation and cooperation between public authorities and social partners—including labor unions and trade associations—was deemed necessary to discuss not only public policies and laws but also other decision-making processes in the economic and social spheres.

In Switzerland, tripartite efforts between government, trade unions, training service providers, and host companies of apprenticeship factor into the success of the nation's vocational education and training system. 153 Such cooperation means that all stakeholders work closely together to maintain the professional quality of apprenticeship and training services within the system. 154

In designing a new workforce system, tripartism is an equity-enhancing governance feature ensuring that the knowledge and skills acquired in training are not only marketbased and transferrable but also converge in terms of the quality of employment. Although clearly not a regular practice in the U.S. public workforce system, the tripartite model has guided Washington state's workforce training and education coordinating since 1991, bringing together business, labor, and government; each of these three have equal voting membership on the WDB. 155 Washington has been able to continue its use of a tripartite model, despite the WIA and later the WIOA requiring a business majority due to provisions permitting alternative entities to serve as state WDBs as long as they were in existence prior to the WIA's enactment. 156

Establishing tripartite governance over the new Workforce Equity Trust Fund would ensure that decisions made by business, labor, and government on training and employment standards are based on economic and social factors such as productivity and workers' skill levels as well as fairness and regional cost of living. For instance, decisions could extend beyond simply setting a minimum wage to offering certain benefits, such as paid training, paid leave, and pay differentials for additional skills or experience. Structuring for tripartite governance under a newly designed workforce system could even consider pay and benefits found in labor contracts within a given industry or region to help determine appropriate standards. 157

Similarly, bipartite joint labor-management training partnerships (LMTPs) between representatives of employers and workers have long been used in the United States to provide access and advancement opportunities for workers in the public and private sectors. From 1995 to 2003, for example, nearly 70 percent of apprentices in the

construction industry graduated from joint labor-management programs. 158 While labor-management organizations are technically classified as eligible training providers under current law, inherent cooperation is a key defining feature of the model that can play a prominent role in a new workforce system.

More precisely, LMTPs engage workers, not just employers. Membership is viewed as a vital mechanism that provides an added measure of assurance, easing workers' fears that skill and aptitude assessments, counseling, and test scores will put their jobs or privacy at risk. 159 In addition, LMTPs—which include apprenticeships, prehire and new hire training, mentorships, and even benefits navigation—aim not only to help workers access good jobs but also to inherently improve the quality of these jobs by supporting and developing initiatives that advocate career advancement and promotion.

Furthermore, ensuring that workers' perspectives are factored into managerial decision-making helps refine training design, build support for training among all workers, and develop higher standards of job quality that lead to greater job security.

In fact, as described by the labor-management organization Healthcare Career Advancement Program, embedding partnership and a shared economic stake between the labor union and employers in overseeing a joint training trust means "participation of worker representatives and employers as equal partners." 160 Both employers and representatives of workers are engaged in every aspect of establishing, defining, and managing these training funds, which means that the interests of workers are as central to and represented in training projects as those of employers.

The main purpose of such a structure is that it ensures that workers' concerns remain central by providing ongoing industry engagement and devoted resources to support effective training development. Likewise, "'employer engagement' is truly substantive," writes the Healthcare Career Advancement Program, meaning that the joint management of investments made into the training fund inherently implies collaboration.¹⁶¹

In addition, the sustainable infrastructure of LMTPs secures and supports industry engagement, providing the foundation for developing projects, supporting workers, and delivering on joint interests identified by industry leaders. 162 Altogether, the LMTP model reaps significant benefits for workers and employers. By incorporating mutually beneficial features such as joint cooperation, this model is well-suited for redesigning a workforce system oriented toward raising equity.

According to the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), joint LMTPs in the building and construction industry, such as the Painters & Allied Trades Labor Management Cooperation Initiative, 163 contribute about \$1.5 billion to the American economy every year. ¹⁶⁴ In other industries, the Alliance for Employee Growth and Development, along with the Communications Workers of America and the International Brotherhood of Electrical Workers, have together provided 16.7 million training hours to more than 178,000 telecommunications professionals. 165 These are just a few of many examples. The United Steelworkers Institute for Career Development¹⁶⁶ provides support services for education, training, and personal development of its workers; the Transportation Learning Center focuses on workforce development in the public transportation and private transportation sectors; and United Auto Workers' Labor Employment and Training Corporation¹⁶⁷ is committed to supporting automobile, aerospace, and agricultural workers through labor-management partnership schemes in those industries. 168

LMTPs are equally effective in the nontraditional trades. For example, in the hospitality sector, more than 25 hotels and casinos in Las Vegas partner with the Culinary Union Local 226 and the Bartenders Local 165 to support the Culinary Training Academy in its efforts to train incumbent workers in the industry. 169 The American Federation of State, County and Municipal Employees 1199C Training and Upgrading Fund (TUF) offers another example of an LMTP outside of the skilled trades. Created in 1974 by a collective bargaining agreement between District 1199C of the National Union of Hospital & Health Care Employees and 11 Philadelphia hospitals, TUF currently includes more than 50 acute care hospitals, long-term care and behavioral health facilities, and home care agencies.¹⁷⁰ The growth in the 1199C TUF mirrors the growth of collectively bargained multiemployer training and upgrade funds nationally in the health care sector. 171 Kaiser Permanente's Labor Management Partnership the longest-running labor-management partnership in the United States—covers 115,000 union-represented workers, 14,000 managers, and 19,000 physicians. 172 Its two employee education trusts have helped more than 104,000 union coalitionrepresented workers enhance their job skills and advance their careers.¹⁷³ The first multiemployer partnership in health care, 1199SEIU, is also considered the largest and most comprehensive, offering thousands of members the chance to earn high school, college, and advanced degrees and helping them upgrade their job skills and access placement services and extended benefits if they are laid off.¹⁷⁴

SEIU 775 Benefits Group

Formed by Service Employees International Union (SEIU) 775, the SEIU 775 Benefits Group (BG) is a joint labor-management partnership that includes the union's training fund. Made up of the union and participating employers—including the state of Washington and home care agencies—the BG created a statewide training system with comprehensive resources and tools to support both home care aides and their employers in the delivery of quality care as well as to improve the services provided to older adults and people with disabilities living in Washington state and Montana. With more than 45,000 students on any given day—both new and incumbent workers—the BG's training fund is both the second-largest educational institution in Washington state by enrollment as well as the largest

training institution in the country devoted to training and developing professional long-term care workers. SEIU 775's advanced home care aide model is a Registered Apprenticeship that the Department of Labor has recognized "as a 'Trailblazer and Innovator." 175 Developed as a competency-based curriculum, the SEIU 775 BG requires its apprentices to demonstrate mastery of skills, rather than solely engaging in on-the-job training. Apprentices also receive wage increases as they hit certain training milestones during the program. Through mutual cooperation, the SEIU 775 BG and its employer partners share the goal of raising the professionalism of the home care workforce through comprehensive training and support, resulting in better care for consumers.¹⁷⁶

Conclusion

In 2016, Washington state enacted legislation aimed at closing opportunity gaps in K-12 education by systematically addressing cultural and educational achievement issues in school discipline policies. As the prime sponsor of this legislative proposal, Washington State Rep. Sharon Tomiko Santos (D) says that a part of her vision for improving K-12 education is accounting for how "our system is performing for each student; not how is each student performing."177 Similarly, workforce equity requires redesigning public policy to account for how the public system is performing for job seekers, not just tracking how workers are performing in job training programs. That is why policymakers and society more broadly must reenvision their approach to workforce development in order to address structural barriers to employment. Certainly, the call for increased equity considerations in public policy—especially around education, training, and employment—is not a new one. Previous workforce-related proposals that emphasize equity include the Federal Job Guarantee, 178 tuition-free college programs, 179 and tacking on-the-job training to the free community college movement.¹⁸⁰

The goal of this report is neither to imply intentional bias in the workforce nor to suggest that job outcomes that matter for workers do not require education and training services, but rather to illustrate that the current and dominant framework emphasizing skills gaps and increased job training on the part of workers represents just a subset of policy prescriptions. Moreover, it only partially explains growing economic inequality.

If efforts to solve economic inequality remain steeped in skills-centric decision-making, it will be difficult to achieve broad inclusionary growth. Moreover, by maintaining this status quo in workforce policy, there is a risk of repeating harmful patterns and reinforcing biases in employment. Simply put, pushing workers to upskill guarantees them neither economic mobility nor high-quality jobs.

To create a more equitable workforce, policymakers must boldly shift away from presumptions based on the skills narrative to facilitate conditions in which employment risks and insecurities generated during economic change are shared equitably by everyone who has a stake in the economy. As outlined in this report, a new workforce

policy framework must distinguish between equality in the work achievements of the job seeker and equality in the distribution of workforce development resources. That means for young people newly entering the world of work, the Workforce Equity Training Fund's emphasis on inclusive partnerships should connect them to a strong network of preapprenticeship and work-based learning opportunities in their communities. Because employers are taking on more of the employment risks by paying into the WETF, the new system can make workforce equity a core strategy for raising wages and increasing work opportunities by delivering quality training and employment opportunities to incumbent workers. Improving individual health and economic well-being is key to serving displaced workers or other workers contingent to the labor market. To uphold these standards and safeguards, the WETF will work with training providers and employment intermediaries to make standard the portability of a suite of employment benefits in deploying any strategy for rapid reemployment.

The four policy features discussed above are essential for developing an equitable design and process. Developed together, they hold enormous promise for addressing key issues that affect job quality and setting the United States on a path toward inclusive economic growth.

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