



EXPLAINER

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A Design for Workforce Equity

Livia Lam, Center for American Progress

Overview

The Center for American Progress and the Congressional Progressive Caucus Center propose establishing a Workforce Equity Trust Fund (WETF) for building America's workforce. Using a financing model that would sustain quality training and employment programs, the WETF creates a platform to standardize inclusive policies and build equity initiatives into the fabric of workforce development. This new system also improves workforce data analytics and brings workers, employers, and communities to the table through multi-stakeholder partnerships. Altogether, the WETF boldly frames workers as the consumers of the workforce development system and enshrines workforce consumer protections, making job quality and economic equality for workers fundamental to policy change.

Whether it's the growing adoption of automation, tensions between global trade partners, shifts in demographics and immigration patterns, or effects of climate change, promoting job training to solve for the impact these megatrends will have on workers and the future of working in a different economy is, at best, incomplete.

Research evidence of high-quality in skills training programs is mixed, suggesting that not all upskilling or reskilling is responsive to future labor market demands.¹ Unfortunately for workers, this means having to distinguish whether taking time away from working, paying for training and contending with the costs of child care, housing, transportation, among all other demands of adult life will result in getting a better job.

Even after considering protective factors such as educational attainment, income and wealth gaps remain pervasive as structural barriers root the unequal distribution of quality employment among different groups of workers.² While women and people of color overwhelmingly make up most of the workforce in lower-paying jobs, they are also woefully underrepresented among higher paid professions.³ Without a fundamental

¹ Livia Lam, "A Design for Workforce Equity" (Washington: Center for American Progress, 2019), available at <https://www.americanprogress.org/issues/economy/reports/2019/10/16/475875/design-workforce-equity/>.

² Ibid.

³ Shilpa Phadke and Diana Boesch, "Treading Water: The Current Challenges of Women's Work" (Washington: Center for American Progress, 2019), available at

reorientation towards equity, workforce development as we know it will only continue to stifle the full potential of economic growth.

As workers face the realities of adapting to tomorrow's world of work, a new nation-wide, comprehensive, and sustained workforce approach is required: closing equity gaps will close other economic gaps. That means setting up a new system so that workers are able to access, worry-free of financial, time or other constraints, job training and employment service programs that ensure their chances of landing a good job.

Four Pillars of Workforce Equity

To ensure workers are matched to good jobs and careers of the future, a systems redesign requires four policy pillars to frame and support building a new Workforce Equity Trust Fund (WETF):

1. Broaden the share of employment 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 by incentivizing workforce intermediaries to adopt them through inclusive partnership agreements;
3. Improve workforce analytics by creating an accountability dashboard for multiple measures of job quality; and
4. Govern the WETF by establishing a multi-stakeholder partnership entity comprising business, labor, and the public.

Share employment risk: Financing a trust fund dedicated to job quality

When it comes to employer-sponsored training, the U.S. spends less than compared to other countries.⁴ Despite the employer hype, corporate investment in worker training fell by more than 40 percent between 1996 and 2008.⁵ The trust fund model is a proven tool to sustain paying for quality training and employment programs. CAP estimates that levying into a trust fund a mere 0.05 percent tax on the gross receipts of corporations at \$250 million per year or more has the potential to generate and funnel anywhere from \$5 billion to \$8 billion per year into a new trust fund strictly dedicated to updating and improving skills training, employment supports and job quality standards.

<https://www.americanprogress.org/issues/women/news/2019/01/18/465361/treading-water-current-challenges-womens-work/>; Danyelle Solomon, Connor Maxwell, and Abril Castro, "Systematic Inequality and Economic Opportunity" (Washington: Center for American Progress, 2019), available at <https://www.americanprogress.org/issues/race/reports/2019/08/07/472910/systematic-inequality-economic-opportunity/>.

⁴ Livia Lam, "A Design for Workforce Equity" (Washington: Center for American Progress, 2019), available at <https://www.americanprogress.org/issues/economy/reports/2019/10/16/475875/design-workforce-equity/>.

⁵ Ibid.

Standardize inclusive policies: Aligning equity initiatives through partnership agreements

While wraparound services are permitted under current law, most people who enter the workforce training system do not receive the supports they need to secure high-quality jobs. To be eligible for funding from the WETF, workforce intermediaries must establish partnership agreements with targeted strategies or initiatives that aim to improve workplace standards. Specifically, this approach would include strategies already adopted in several cities and states and is aimed at ensuring their local economies support high-quality jobs, including:

- Attaching targeted hiring, apprenticeship utilization requirements, and prevailing wage requirements to all publicly supported projects⁶
- Experimenting with portable benefits and wage boards focused on increasing compensation for middle- and low-income workers⁷
- Implementing fair-chance policy efforts, such as record clearing, to help ease previously incarcerated individuals' pathway to reentry into employment⁸

Increasing alignment between skills training and explicit equity-oriented initiatives helps to standardize the adoption of such practices across occupations and industries and thereby, effectively make portable a suite of wraparound services and basic employment-based benefits that promote job quality and advance equity.

Improve data analytics: Employing multiple indicators of accountable job quality measures

The current workforce system too often fails to determine whether individuals who complete job training are sustaining a job that is of high quality. For workforce intermediaries wishing to draw down WETF funding for skills training or employment services, they would need to use multiple measures of data analytics to help assess and account for job quality. For example, measuring the distribution of earnings across the workforce or considering income data along with regional cost-of-living measurements would enable the workforce system to use data-informed decision-making to

⁶ Karla Walter, "Infrastructure Investment Must Create Good Jobs for All" (Washington: Center for American Progress, 2019), available at <https://www.americanprogress.org/issues/economy/reports/2019/04/22/466754/infrastructure-investment-must-create-good-jobs/>.

⁷ Kate Andrias, David Madland, and Malkie Wall, "A How-To Guide for State and Local Workers' Boards" (Washington: Center for American Progress, 2019), available at <https://www.americanprogress.org/issues/economy/reports/2019/12/11/478539/guide-state-local-workers-boards/>.

⁸ Rebecca Vallas and Sharon Dietrich, "One Strike and You're Out" (Washington: Center for American Progress, 2014), available at <https://www.americanprogress.org/issues/poverty/reports/2014/12/02/102308/one-strike-and-youre-out/>.

build a deeper understanding of what dimensions of a job are important for economic well-being.

Govern by multi-stakeholder partnerships: Bringing workers, employers, and communities to the decision-making table

In this workforce redesign, the governing body of the trust fund would be composed of a tripartite structure, with representatives of business, labor, and communities working in partnership to determine the training and employment standards of the trust fund. By making sure workers' perspectives, as well as those of business, are equally factored into administrative decision-making, the tripartite body would help workforce intermediaries appropriately refine curriculum design and adjust training and employment strategies as needed, setting a decision criterion that encompasses quality standards that lead to greater job quality.

Moving forward

Because the way people learn, work, and live is transforming, so should public policy. The four pillars outlined above lay the foundation for promoting the importance of job quality and for informing a workforce redesign that takes into account how policies shape not only education and training but also impact transportation, housing and other factors that increase or reduce barriers to obtaining good jobs.

Simply, employment and workforce intermediaries can no longer just react to changes in the marketplace. Workforce policy should be redesigned to shape labor markets to be more equitable, especially to women, people of color, and other individuals facing barriers to employment, and ensure that the prospect of future employment are made up of good jobs with real pathways to economic mobility.

If the workforce system is redesigned in the right way, every individual looking for a new job, pathways to promotion, or a career change, as well as individuals who are in between jobs or juggling multiple jobs, will be entitled to high-quality skills training and employment services that guarantee equality of treatment in the workforce. By designing for workforce equity, policymakers will create a new system that prioritizes the future financial stability and economic security of every worker.