



Expanding Training Opportunities and Improving Job Quality through Labor and Employer Partnerships

As the nation debates stimulus legislation to help the economy recover, it is critical to put in place policies that will create an equitable recovery. Raising overall economic activity will not equally distribute opportunity nor provide the relief needed for communities hit hardest by the crisis. The jobs that are created must be good jobs, and workers need support to secure those jobs, including increased access to effective education and training. To position the economy for an equitable long-term recovery, ambitious public investments are needed to create jobs with good wages and benefits, and major complementary investments in adult education and training are necessary to provide the support workers need to emerge from the crisis equipped for high quality jobs.

To promote an equitable recovery, a concerted effort is needed to expand work-based learning opportunities for good jobs and make sure that those hit hardest by the crisis can access these opportunities. Policy should lead to the creation of work-based training for workers and new hires while simultaneously promoting job quality.

To help expand access to good quality jobs, federal policy should incentivize more training offered by employers and labor partners and incentivize partnerships and practices that promote greater job quality. Our current incentive structure, however, is not designed to support these objectives.

- ◇ Most public funding to support employer-provided training is distributed without concern for the quality of the training offered or the quality of the jobs that people can access once they are trained. This results in the limited public funding for training going to support training that leads to low-wage jobs or that employers were already planning to offer on their own. This is true of [funding in the federal workforce system](#) as well as many state grant programs to employers and state tax credits.
- ◇ Employers and labor partners receiving the benefit of public funding have no obligation to hire from the population that is hardest hit by the crisis, and most employers receive no support in designing talent management practices that reduce bias and promote inclusive hiring. This creates a real risk that employers will replicate a trend from past recessions where they place unneeded degree requirements on open jobs as a way to screen applicants. This would make it harder to fill positions quickly as the economy returns. It would also exclude many workers of color and those without formal education who otherwise are capable of success in those roles, further contributing to issues of labor market discrimination and occupational segregation.
- ◇ The best data we have suggests that [employers have reduced investments in training](#), especially for low- and middle-wage workers. This is partly due to a more dynamic labor market in which people move jobs more and employers worry about their investments benefitting competitors. This threatens a critical historical source of lifelong learning for many workers that helps them adapt to changing economic landscape.
- ◇ Public funding goes to employers to help with training costs but not to other organizations, including labor partners, that work with employers on training and can also promote job quality and inclusive hiring.

*The ideas presented here are still in development and are designed to generate feedback and inform the discussion of how America might build a strong and inclusive recovery. We will continue to refine the proposals based on feedback.

As economic activity resumes, policymakers should consider ways to promote equitable access to good jobs by prioritizing for the following interconnected goals.

Policy Recommendations

1. Create a new grant program that supports intermediary organizations that work with groups of employers to promote quality jobs.

To achieve real progress in job quality and inclusive hiring to accelerate an equitable recovery, it is important to provide support for organizations that can engage with multiple employers across a community or sector.

Key Elements

- ◇ **Provide funding to improve job quality.** Funding should go to organizations or partnerships of organizations that serve multiple employers within a region or a sector. These intermediaries should provide business support necessary to hire people who are most directly impacted by the crisis and help them fill good quality jobs. Funding should go to organizations that can:
 - ◇ Help employers structure jobs to improve job quality (e.g. by increasing pay, providing benefits, expanding worker voice).
 - ◇ Provide technical assistance to employers to adopt inclusive talent practices that reduce bias and recognize skills that workers have built throughout their career. This will expand opportunity for people of color and those without a bachelor's degree.
 - ◇ Connect employers and training providers to co-design training programs.
- ◇ **Improve transparency of employer training investments and talent management practices.** Set the expectation for investments in training and positive talent management practices by requiring employers supported by intermediaries to transparently report on practices in these areas.
- ◇ **Measure results for workers.** Success should be measured by these organizations' ability to create more good jobs – those paying above \$35,000 and with benefits – and the success of the employers they work with in hiring and advancing populations that are disproportionately unemployed in the region.

Implementation Options

Recommended approach:

- ◇ **State funding.** Some funding should flow to states, and states should distribute those funds to organizations that have the capabilities laid out above. Example of eligible organizations include community-based organizations, workers' rights organizations, economic development organizations, and community colleges. A portion of the funds should be set aside for labor-management partnerships.
- ◇ **National competitive grant program.** In order for funding to reach a diversity of providers, including labor management partnerships and organizations that serve communities of color that are not equally distributed across all states, additional funding should come directly from the federal government in the form of a national competitive grant. This could build on one or both of the following programs:
 - ◇ **TAACCCT:** This grant program could include some design features of the Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant program that was part of the American Recovery and Reinvestment Act. While TAACCCT only went to community colleges and centered on training, eligibility could be expanded to broader set of intermediary organizations and training enterprises, recognizing that each community has different organizations that have the capabilities and relationships with employers required to promote job quality and inclusive hiring. Unlike TAACCCT it would be important for accountability to focus on hiring into quality jobs and advancement with wage increases. This design would foster partnerships between community colleges and organizations with more worker representation and expertise in job quality and inclusive talent management practices.
 - ◇ **Manufacturing Extension Partnership (MEP) program.** The MEP program helps manufacturing businesses to develop training and deploy their workforce as a way to expand manufacturing exports. It is possible to build on this program by broadening to sectors outside of manufacturing and requiring a greater focus on job quality and inclusive hiring.

2. Leverage public funds to help employers and labor management partnerships reduce the costs of training new hires to fill quality jobs.

Key Elements

- ◇ **Help employers and labor management partnerships cover the cost of training time to prepare workers for good jobs.** Public funding should help cover a share of workers' wages while they are participating in training. This funding should be available to any labor management partnership or employer of any size, provided that the training is substantial (at least 500 hours). The government subsidy rate should be higher for small and medium-sized businesses. Employers that are unionized should be eligible for more funding, and firms with some worker representation in management decisions should also be considered for higher levels of funding.
- ◇ **Help small and medium-sized businesses and labor management programs cover some of the costs of developing training programs that lead to quality jobs.** Public funds can help increase the availability of training by matching investments that small and medium-sized employers make to create and deliver training to their employees. This funding could also cover the costs of working with third-party organizations to design and deliver training.
- ◇ **Prioritize funding to promote quality jobs with inclusive hiring practices.** Quality jobs for which training funding is provided should be assessed by wages, benefits, and worker voice. At a minimum, any jobs for which training is supported should pay at least \$35,000 per year, and public funds should not go to employers that violate labor laws or actively prevent workers from joining unions. Firms receiving funding should be willing to demonstrate that they are hiring from among the local unemployed population and are not discriminating in their hiring practices. Moreover, firms should be required to share disaggregated data on the demographics of their hiring and overall workforce and make commitments to hire people from underserved populations who are overrepresented among the unemployed population in their community.

Implementation Options

Recommended approach:

- ◇ Both funding to cover the costs of training time and funding to small and medium-sized businesses to cover the costs of developing training should be implemented as a state grant program. This allows states to set job quality standards pursuant to foundational federal guidelines. States can ask employers for the information needed to check that employers meet the requirements.
- ◇ Many states already have some sort of grants available for businesses to train workers. Other states have human development tax credits. Federal funding could leverage these existing programs and reduce costs of this program by requiring states to use any existing programs as a match. That would incentivize states to focus their current programs on high-quality jobs. Some funding should be offered to all states since states have severe budget constraints right now.
- ◇ Funding for labor-management partnerships could be achieved by requiring states to set aside a certain portion of the funding for these types of entities or a federal grant program could be administered by the Department of Commerce or the Department of Labor.

Alternative options:

- ◇ Funding to cover the costs of training investments by businesses could also be implemented through the federal On-the-Job Training (OJT) and incumbent worker training (IWT) program under WIOA that provide subsidies to employers for training. Under OJT, employers can receive up to 50 percent of the wages for an employee who is receiving training on the job. These subsidies are currently based on employer size rather than wage gains or past history of success. These subsidies are also left to the discretion of local workforce boards. Changing these parameters to encourage funding for effective training and making OJT a more standard benefit to employers could increase its use across the system. If policymakers choose not to change the way these programs work, they should be removed as options under WIOA since they would be duplicative of the program above and do not focus on quality jobs.

3. Provide funding to discourage further layoffs and instead encourage employers to train and redeploy workers.

- ◇ During economic downturns, employers often respond by laying off their workers. However, this is costly to both the worker and employer as recruiting, hiring, and training new employees as the economy eventually recovers. Keeping workers connected to their employers should be a policy priority. Programs such as work share can be leveraged to keep employers and workers connected. Policymakers should provide funding to states to expand these programs and take steps to increase employer uptake. They should also create an incentive to encourage upskilling by matching investments by employers to training incumbent workers, workers who are furloughed, and workers participating in work sharing programs.

Costs and Benefits

The first policy recommendation is estimated to cost about \$5 billion. This funding would be distributed to states to create a grant program dedicated to improving job quality through funding intermediaries that partner with employers to implement inclusive hiring and talent practices, develop training programs, and other strategies that improve job quality. We estimate that grants would average about \$1 million, with states advised to provide awards over four rounds of funding. State allocations would depend on population and economic factors.

This funding would be a huge investment given that the Workforce Innovation and Opportunity Act, which funds our workforce systems, is funded at a \$10.5 billion. The grant program is designed to create a significant incentive to move workforce boards to focus on job quality, including working with only employers that pay over \$35,000, and being held accountable for raising wages for incumbent workers.

The second policy recommendation is estimated to cost about \$35 billion. This would cover costs for small and medium-sized employers to develop training programs and subsidize on average 50 percent of an employee's annual salary while they participated in an employer-provided training program that is at least 500 hours. We would suggest lower subsidy rates for larger companies and higher rates for small businesses. We estimate that such a state grant program would allow approximately 3.3 million workers to participate in intensive employer-provided training.