

# Investing in America's Workforce

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In order to continue to excel as a country, Americans must be able to successfully participate in the labor force, and employers must be able to access the type of talent they need for their work to thrive. Successful workforce development efforts increase a population's employability and can change the economic trajectory of low-income or less educated workers and their families by fostering economic mobility.

This mobility contributes to increased consumer purchasing power. Furthermore, when employers' needs are met with a qualified, skilled workforce, business productivity improves. In these ways, workforce development efforts can be viewed as investments that contribute to economic growth in local communities, their broader regions, and the nation as a whole.

Given this recognition that a strong workforce is essential to the economic health of our nation, the Federal Reserve System recently conducted research analyzing insights from nearly 1,000 workforce development leaders throughout the country. This work identified several promising strategies for expanding and diversifying the pipeline of skilled workers and connecting these workers with employers. These strategies include:

**Better Alignment of Workforce Development and Economic Development Efforts Using Sector Strategies:** Sector strategies are regional approaches to workforce and economic development that focus resources on the needs of a defined industry important to the local economy. Sector partnerships include various stakeholders from local and regional employers, academic institutions, and training providers coming together to analyze an industry's current and future skill requirements. These types of economic development strategies take a systemic rather than a transactional view and have the potential to yield a trained workforce that not only supports business attraction and retention but also creates local opportunities for unemployed and underemployed residents.

**Apprenticeships and Other Work-Based Training Models:** These programs allow trainees to support themselves and their families while earning a license or industry credential through on-the-job training. In addition to offering a solution for more mature job seekers, apprenticeship can be a model for young people who can gain on-the-job experience while in high school. Partnerships between employers, high schools, and post-secondary institutions that support internships, apprenticeships, co-ops, and career and technical education help students develop important skills that can improve labor market outcomes.

**Increased Employer Training for Incumbent Workers to Foster Career Pathways and Create Access to Entry-Level Jobs:** A career pathway identifies a series of steps by which an employee can progress through jobs requiring higher levels of skills and paying higher wages. Aside from the services and programs offered by training providers and educational institutions, employers have a role to play by encouraging and supporting incumbent workers to advance along a clearly defined career pathway. Training and advancing workers along a career pathway also improves job access for local job seekers by creating vacancies in entry-level positions. This strategy, known as "upskilling and backfilling," not only creates new employment opportunities for job seekers but might also increase the productivity of staff and improve retention and employee satisfaction.

**Increased Coordination among Service Providers and with Funders:** Working together to successfully move job seekers into stable employment can prove challenging because of resource constraints, a

competitive funding environment, and differences in organizational cultures and operating models. Nevertheless, the need for coordination and collaboration, both among service providers and with funders, is essential to successfully achieving shared goals.

**Changes in Employer Behavior that Improve Job Access and Quality:** The adoption of skills-based hiring as an alternative to hiring based on educational attainment can remove what, in some cases, may be an artificial barrier to livable wage employment. Additionally, in order to increase workers' chances for economic mobility, employers should be encouraged to improve job quality, especially for entry-level positions.

These promising strategies were identified by insights collected from nearly 1,000 workforce development professionals through over 50 listening sessions held throughout the country. A summary report sharing all of the findings, including opportunities for investing in workforce development and how to make workforce development more "investable," can be found at [www.investinwork.org](http://www.investinwork.org). Unlike the other opportunities for investment identified in the report, these promising strategies require the collective will to alter current behaviors in the workforce development ecosystem more than they require additional funding.

The report, "Investing in America's Workforce: Report on Workforce Development Needs and Opportunities," is the result of a collaborative effort of the community development departments across the Federal Reserve System, including the 12 regional Reserve Banks and the Board of Governors. For more information, contact Noelle St. Clair, Community Development Advisor and Outreach Manager, Federal Reserve Bank of Philadelphia, at [Noelle.stclair@phil.frb.org](mailto:Noelle.stclair@phil.frb.org).