

EMPOWERING THE WORKFORCE: HOW FEDERAL WORKFORCE PROGRAMS CAN INCREASE PROSPERITY

ISSUE BRIEF BY ANNA N. SMITH AND SUZANNE KAHN | DECEMBER 2021

INTRODUCTION

In 2020, the Roosevelt Institute released [*Employer Power and Employee Skills: Understanding Workforce Training Programs in the Context of Labor Market Power*](#) by Suresh Naidu and Aaron Sojourner. Naidu and Sojourner called for workforce development practitioners to recognize that their work can play an important role in building worker power and reducing labor market inequalities, especially those that have long plagued Black and brown workers. Within the workforce development landscape, federal and state programs account for the vast majority of total workforce dollars invested in the US. Therefore, shifting federal regulations and guidance for workforce programs can have a major influence on standard practices in the field. This brief offers policy suggestions to help federal programs align with proposals from Naidu and Sojourner.

Federal training programs are intended to provide crucial resources to workers by connecting them to employers, providing them with skills training, and supporting them throughout the course of their participation. The stated aim of these programs, as described in the Workforce Innovation and Opportunity Act (WIOA), is to “increase the prosperity of workers and employers in the United States, the economic growth of communities, regions, and States” (Department of Labor n.d.).

Despite the equal weight given to employers and workers in WIOA’s language, too often program design caters to employers’ needs more than workers’. This limits federal workforce programs’ ability to narrow inequality and expand worker voice and power. This pattern has proven particularly detrimental to Black and brown job seekers who face the highest barriers to entering and advancing in the job market due to systemic racism. Worker power and racial inequality are inextricably linked; without intentional policy interventions, worker power will continue to dwindle and the chasm between Black and white workers will only grow.

In this brief, we offer policy recommendations to help structure federal programs to promote worker power and narrow inequality in the labor market, with a particular eye toward addressing racial inequality. Key recommendations to expand worker power and



promote racial equity outcomes include: centering worker voice by expanding workforce development board (WDB) composition requirements to include diverse perspectives, expanding wraparound services at American Job Centers (AJC) to include connecting job seekers and workers to organizations that can help them defend their rights in the workplace, focusing on transferable hard skills development over soft skills to reduce labor market frictions, and prioritizing earnings as a performance indicator. When properly funded and structured, federal and state workforce development programs have the potential to help rebalance the labor market to create a more equitable COVID-19 recovery and future of work.

WHAT WE LEARNED

Our recommendations are based on Roosevelt work from the past year: Aaron Sojourner and Suresh Naidu's (2020) *Employer Power and Employee Skills: Understanding Workforce Training Programs in the Context of Labor Market Power*, which examines the existing literature surrounding workforce and skills development as well as randomized control trials of select programs, and our own landscape scan, "Employer Power and Employee Skills, Investment Scan: A Federal and Philanthropic Workforce," which reviews the reach of both federal and the largest philanthropic investments into workforce development (Kahn and Smith 2021). We supplemented this research with a series of roundtables and conversations with practitioners and funders in the workforce training space in early 2021. All of our research led to the conclusion that practitioners too often find themselves structuring programs around employer demands, limiting their ability to shift power to workers in the labor market (Naidu and Sojourner 2020).

As the largest funder in the workforce development space, the federal government plays a key role in setting standards for the structure of workforce training programs. In 2017, the federal government spent \$14 billion on employment and training programs. These funds were distributed among 40 programs, with the majority of funding distributed among eight federal programs, over half of which are run by the Department of Labor (DOL). These programs include State Vocational Rehabilitation Services, run by the Department of Education; the Temporary Assistance for Needy Families (TANF) program, run by the US Department of Health and Human Services (HHS); Veterans Affairs' Vocational Rehabilitation And Employment Services; and five DOL programs including Job Corps, the Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker Formula Program, the WIOA Youth Program, the WIOA Adult Program, and the Wagner-Peyser Act Employment Service. Currently, about half of WIOA and Wagner-Peyser participants are



women, a majority of the participants are white, about a quarter of participants are Black, and about 17 percent are Latinx (Kahn and Smith 2021). While funding decreased between 2009 and 2017, the distribution of funds across programs has remained consistent.

Given the reach of federal funding—properly structured—these programs have the power to help increase worker power and ultimately reduce labor market inequalities. Our scan of federal workforce training programs sheds light on how and why the structure and scale of these investments have failed to foster racial equity and worker power in the labor market.

First, inadequate funding presents a significant roadblock to achieving stated policy goals. Most government-sponsored workforce programs are structured as block grants to states, which administer workforce training programs with federal guidance. Workforce services are provided through American Job Centers (AJCs), local offices that provide job training and placement services to job seekers. Practitioners noted that insufficient funding often makes it difficult to provide all the services and programs that would ensure participants exit training into stable jobs with quality wages, benefits, and long-term career growth.

Lack of funds specifically limits investments in wraparound services, which have proven to be an important tool in increasing racial equity goals within federal and state workforce development programs. One program director we spoke with expanded services to include providing laptops and internet access to participants as well as weekly stipends to financially support trainees while they complete the program. By providing participants with these services, the program improved participant outcomes. But offering more expansive wraparound services requires additional funding, which is difficult to secure due to chronically underfunded state programs.

Second, the regulations governing federal workforce programs give employers outsized power. State workforce programs are governed by Workforce Development Boards (WDBs) that set policies and provide oversight for WIOA-funded workforce training programs (Bradley 2015). For example, WIOA sets strict rules about the composition of Workforce Development Boards at the state and, often, local level. WIOA rules state that the majority of seats must be held by representatives of the business community. However, only 20 percent of the board must be made up of worker representatives.

Given pervasive anti-labor sentiment, the skewed board composition is not entirely surprising, but it leaves boards unlikely to promote practices that increase worker voice. For example, some practitioners reported board skepticism about the efficacy and use



of enhanced wraparound services, which made it difficult for their programs to expand these proven services.

Third, federal workforce training programs overemphasize soft skills at the expense of industry-specific hard skills that can increase workers' labor market power. Soft skills are typically defined by employers as cognitive or personality characteristics, such as the ability to work hard and well within teams (Naidu and Sojourner 2020). Employers regularly use soft skills as dog whistles for racist biases, perpetuating systemic barriers for Black and brown workers. Indeed, soft skills may be seen as a way to force assimilation into white cultural standards among non-white workers. This, in turn, contributes to the systemic racial inequities in the workforce that prevent non-white workers from attaining quality jobs.

Fourth, WIOA programmatic evaluation guidance and requirements do little to center racial equity among participants at state and local levels. For example, WIOA-funded programs must prioritize services for federally identified vulnerable populations, including "public assistance recipients, other low-income individuals, and individuals who are basic skills deficient" (Cielinski 2018). But, while demographic data is collected on the six core programs, WIOA performance outcomes do not specify how to evaluate the racial equity of programs besides reporting the racial breakdown of program participants. These mostly race-neutral evaluations may stunt WIOA's ability to assess the successes and failures of core programs' racial equity outcomes.

Despite their reach, federal training programs have generally not proven effective at improving long-term outcomes for those they serve. One recent report using IRS administrative data found significant, long-run positive effects of Job Corps for the 20- to 24-year-old age group, but still concluded that the overall program effect was small and quickly faded for younger students (Schochet 2020). Similarly, experimental evaluations of WIOA concluded that they had little effect on earnings or employment 30 months later. In contrast, intensive job search assistance and case management funded through the program did increase earnings (Fortson et al. 2018).

Federal workforce investments should be expanded, but at the same time the programs must be restructured to more effectively promote racial equality and narrow income inequality. The proposals that follow center these two goals.



POLICY RECOMMENDATIONS

Our recommendations aim to help programs create a better balance in serving employers and workers. Only by helping to rebalance power in the labor market can workforce training programs fulfill their goal of increasing “the prosperity of workers.” Furthermore, these programs will not successfully address racial inequality in the labor market without building power for workers.

The composition of Workforce Development Boards must be rethought.

The requirement for a majority of WDB members to represent the business sector virtually ensures that federally funded workforce development programs will take an employer-service approach that limits their ability to narrow inequality. The members on WDBs rarely represent the communities and people they serve. To adequately prepare participants for the workforce and understand their needs, boards must better reflect these populations.

Federal policy already dictates the composition of WDBs. A relatively easy policy fix is to adjust the requirements to include more balanced representation of workers and businesses. We suggest a four-way split between business, worker organizations, government representatives, and educational institutions. Each category should need to meet or exceed set diversity requirements. It is critical that diversity requirements apply to each category and not across the entire WDB, to encourage diverse perspectives across race, gender, and workforce and educational experience.

Since WDBs play an important role in structuring workforce funding at the local level, changing their make-up can bring worker representatives directly into program design questions and program oversight, a key recommendation from Naidu and Sojourner. The lack of worker representation in WDBs is likely the reason behind practitioners’ observation that board members have been hesitant to expand wraparound services to cover more than what is traditionally provided, such as transportation and childcare assistance, arguing that increased aid may be misused by participants. Without real representation that reflects the diversity of communities they serve, boards can neglect the underlying and systemic barriers that hold participants back.



Workforce training programs that receive federal funding must have robust guardrails in place to minimize employer monopsony.

The more that training programs are designed to feed workers to a specific employer (by instructing trainees on specialized technology used by a single employer, for example), the more they increase employers' ability to set wages because they don't have to compete with other businesses for the trained workers. Federal funding to training programs should be structured to incentivize placing workers with a wide range of employers in a sector. Federal policies should be designed to reward programs that successfully place job seekers with multiple employers with increased funding in subsequent years.

It is also critical that funding go to high-road employers. The federal government should not be subsidizing employers who pay poverty wages or regularly fail to offer baseline job quality—which is exactly what happens when the government assumes the cost of training employees that employers would otherwise have to train. Federal workforce legislation should explicitly require employers that work with federal training programs to meet specific wage and employment standards. Possible models for tying fair wage and labor practices to workforce training funding include the Davis-Bacon prevailing wage law and Executive Order 14026, requiring federal contractors to pay workers a \$15/hour minimum wage. Additionally, participating employers should be required to sign union neutrality agreements and be barred from requiring workers to sign non-compete agreements and forced arbitration clauses.

American Job Centers must be rethought to prioritize connections to wraparound services, including organizations that defend workers' rights on the job.

WIOA requires states to establish American Job Centers (AJCs) as one-stop shops for individuals who need employment and training services. The Department of Labor currently administers 2,400 American Job Centers, which work with each of the primary federal employment training programs. AJCs are also meant to connect job seekers with crucial services such as state and federal income-support programs and Supplemental Nutrition Assistance Program (SNAP) benefits. Some AJCs also offer services like childcare and transportation. These wraparound services have proven to be an essential component to many successful training programs, especially those that reach underserved communities. Deepening the commitment of AJCs to this kind of support work is key to making the workforce system more equitable.

If the workforce system is to truly tackle inequality, it must go one step further: AJCs must expand their definition of wraparound services to include connections to organizations



that center workers' rights on the job. Such organizations include community organizations, worker centers, labor unions, local legal aid institutions, and government agencies that address workplace mistreatment and labor law violations. Forging a formal working relationship with these worker-centric organizations would help move these centers out of an employer-service model of workforce training. It would also deepen the role of AJCs in the labor market overall. AJCs could serve as a resource not just for job seekers, but for any worker who is looking for help with an employment-related problem.

Programs must place a greater emphasis on hard skills training rather than soft skills to provide workers with transferable skills to help reduce labor market frictions.

Federal training programs, and WIOA programs in particular, place too great an emphasis on soft skills than recent research warrants. Specifically, there are several key issues with soft skills—including racial equity concerns—and ultimately these skills do not reduce labor market frictions. For example, research outlined in Naidu and Sojourner's literature review suggests that soft skills do not offer participants the technical skills or hard skills necessary to attain quality jobs after completing the program. Rather than focusing on soft skills, federal programs should prioritize hard skills that can be transferred to multiple employers in an industry.

It is crucial that the technical skills offerings are informed by sectoral needs but not defined by a single employer. When a single employer defines the technical skills provided by training programs, that employer gains outside power over employees. To avoid this, workforce training programs and WDBs should partner with local trade unions or local community organizations as well as employers when creating curriculum. By providing technical skills that are widely transferable within a sector, training programs are more likely to help workers experience long-term wage gains.

Prioritize earnings as a performance indicator.

There are seven WIOA performance indicators on which core programs are required to report. The first two performance indicators focus on job placement, and only one looks at earnings. A focus on job placement and retention incentivizes building strong relationships with employers who use the program as a hiring pool. While retention with the same employer can capture a high-quality match, it can also reflect a worker whose training is so narrow that they gained no other employment options and little leverage in the labor market. A better metric is hourly earnings, regardless of employer.



Higher earnings reflect a high-quality match, whether achieved through productivity enhancement at the first post-training placement or bargaining based on broader employability. It is also critical that this data be tracked by race to ensure that programs are meeting the needs of different demographic groups and helping to combat wage and occupational discrimination.

UNIONS AND INCLUSION

While our recommendations are premised on the belief that labor unions are critical institutions for empowering workers in the labor market, it is important to recognize that, historically, many unions have not helped all workers. In particular, many of the skilled trade unions have long histories of using their training and apprenticeship programs to exclude workers based on race. Nevertheless, at their best, unions have the power to create true worker solidarity and collective power, which can help expand the power of Black and brown workers where non-unionized workplaces cannot.

During the industrial revolution in the late 18th century, the skilled trade unions were primarily made up of white workers. The rise of industrial unions in the second half of the 19th century saw the beginning of more integrated union membership. As unions grew and began to expand their reach into the South—where they were understood as a direct challenge to the Jim Crow system—an anti-union politics and rhetoric deeply tied to the preservation of systemic racism also gained strength (AFLCIO n.d.).

Many unions have done serious, successful work to make their institutions more inclusive and diverse. Some building trades unions, together with employers and community organizations, have institutionalized partnerships to recruit apprentices from historically excluded racial, ethnic, gender, and neighborhood communities—to invest in pre-apprenticeship programs that build skills, knowledge, and social networks that promote participants' later success in the apprenticeship programs and the profession. The [BuildingWorks](#) program in New York City served over 1,000 pre-apprentices in skilled trades. In 2018, the Policy Group on Tradeswomen's Issues published a summary of practical lessons and tools for coalitions of developers, contractors, community groups, and unions committed to increasing access for women and people of color (PGTI 2018). Beyond apprenticeship, many unions have supported internal affinity committees where members can come together and advocate for their interests within the union and the broader community, to help create inclusive occupations and institutions. The [Seattle Electrical Workers Minority Caucus](#) has worked for decades for economic justice and against racism and sexism in the union, the industry, and the community, and women



across the building trades unions organize in [Tradeswomen Build Nations](#) to build community and power for women in the trades (Garcia 2002). The A. Philip Randolph Institute is a multi-union coalition devoted to advancing Black workers in the movement and the economy. Its Pittsburgh chapter, for example, has helped lead the [Breaking the Chains of Poverty \(BTCP\) training program](#) since 2009.

Today, the relative strength of public and service sector unions within the labor movement means Black workers are actually more likely to be union members than white, Latinx, and Asian workers (BLS 2021).

Nevertheless, unions’—and particularly union training programs’—history of racism cannot be ignored. Training programs and unions must work collaboratively to ensure that their work is not only preparing participants for good jobs but also helping dismantle racist labor market structures.¹

CONCLUSION

For the millions of unemployed workers who do not have the proper resources or support to gain quality employment, labor market frictions are difficult to overcome. Our robust federal and state workforce development infrastructure has potential to take on these gaps and build worker power in the labor market. But as it currently exists, federal and state workforce development programs are inadequately equipped to address the underlying inequities within our labor market. Our proposed policy recommendations can help strategically undercut these systemic injustices and expand worker power, particularly for Black and brown workers.

¹ This section also appears in our accompanying issue brief, “Employer Power and Employee Skills: Recommendations for Workforce Training Practitioners and Funders,” by Suzanne Kahn and Aaron Sojourner.



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