INTRODUCTION

The United States postsecondary education system is a primary location of workforce development programs. With more than 1,000 public community colleges eligible for Title IV federal financial aid funding throughout the nation, postsecondary institutions have a strong track record of conferring significant economic benefits to students and their communities when structured successfully (Holzer 2021). However, as a result of a combination of incentives created by funding needs and restricted evaluation metrics, workforce training programs located in postsecondary institutions often prioritize serving employers at the expense of students—something that is also often the case with workforce development programs administered by government or nonprofit organizations. This issue brief outlines the changes postsecondary institutions should make to center the well-being of students and workers in workforce development programs, to help rebalance power between employers and workers in the labor market, and to promote broader prosperity among all workers.

Public postsecondary institutions have long seen occupational education as a core purpose of their curriculum structure (Cohen, Brawer, and Kisker 2013). By design, postsecondary workforce development programs have historically offered accessible and low-cost career and technical education (CTE) programs that provide workers with improved employment and earnings outcomes while also serving the needs of local employers. However, funding cuts to postsecondary institutions in most states during the past decade have caused workforce programs to depend on the fiscal sponsorship of employers and to focus on job placement at the expense of job quality and worker power (Berkowitz 2021).

In a 2020 report, Employer Power and Employee Skills: Understanding Workforce Training Programs in their Labor Market Context, Suresh Naidu and Aaron Sojourner argue that workforce development programs that don’t address the underlying labor market power dynamics between employers and workers can perpetuate existing inequalities. For example, they note that workforce programs designed around specific employer needs may contribute to a labor market characterized by disproportionately high employer...
market power (monopsony) and the crowding out of worker representation in the design and governance of workforce programs. Conversely, sectoral training programs that are co-governed by unions and include worker voice in program design tend to achieve greater benefits for participants, such as higher wages and upward mobility.

Declines in state and federal funding have also led postsecondary institutions to partner with philanthropic organizations. Philanthropy recognizes the potential of postsecondary workforce programs to promote community economic growth and prosperity for workers with low incomes and invests in these programs. For example, the Bill & Melinda Gates Foundation’s Completion by Design program and the Lumina Foundation’s strategic plan both commit to increase the share of Americans with completed degrees, certificates, or certifications. Similarly, the Ford Foundation’s Bridges to Opportunity program and the Walmart Foundation’s Retail Opportunity Initiative each focus on investments in innovating postsecondary workforce programs that improve outcomes for participants from families with low incomes and workers in low-paid jobs.

Postsecondary institutions—in partnership with the philanthropic community and state and federal governments—have the ability to shape the future of workforce programs by both changing how worker training is funded and by centering workers’ well-being in the design and evaluation of workforce programs. The recommendations in this brief include:

- Establishing a community-led fund for workforce training programs at postsecondary institutions that replaces dependence on employers as fiscal sponsors with influence over programs;
- Improving the content and delivery of educational offerings (i.e., work-based learning) to be more inclusive of “non-traditional” students, who are typically older and/or have family and work responsibilities;
- Using career service departments to connect students with organizations that center workers’ rights on the job; and
- Expanding workforce program evaluations to include a broader assessment of the economic and social mobility growth outcomes produced.

The following sections explain how postsecondary workforce programs currently contribute to employer monopsony and how they can break free from serving employer needs at the cost of undermining the economic well-being of students, workers, and their communities.
HOW EMPLOYER-FOCUSED TRAINING PROGRAMS LEAD TO MONOPSONY

Employer-specific needs have been the primary focus of workforce development programs since they were introduced in postsecondary institutions. According to Dougherty and Bakia (1999), the first employer-sponsored workforce training program at a postsecondary institution was created by the General Motors Company (GM) in 1979 at the Delta Community College in Michigan with the aim of training mechanics for jobs at GM dealerships throughout the country. After early success in Michigan, GM established the Automotive Service Education Program (ASEP) to develop a network of community colleges offering mechanics training focused on GM vehicles. Forty-one years later, GM’s ASEP training program is still offered at postsecondary institutions in more than 30 states and internationally (GM ASEP n.d.). While GM was the first automotive company to sponsor a postsecondary workforce program, others such as Ford and Toyota have since also partnered with postsecondary institutions to offer company-specific training programs.

Employer-specific workforce training programs at postsecondary institutions are not unique to automotive mechanic occupations. During the past four decades, similar employer-specific programs spanning many occupations and industries have emerged in postsecondary institutions: truck and bus driving, early childhood education, nursing assistance, carpentry, data entry, welding, plumbing, home health, and computer programming, among others. Yet, irrespective of industry, employer-sponsored workforce programs are designed for the principal goal of filling a specific employer’s labor needs. The narrowing of potential employment opportunities from an entire industry to just one employer after program completion therefore makes monopsony an endemic feature of employer-sponsored workforce programs.

Most employers, especially large enterprises, can afford to provide in-house training programs that equip workers with firm-specific skills while they earn wages and benefits. However, by sponsoring workforce programs, employers are essentially outsourcing in-house training programs to minimize the cost of training through the use of available federal workforce training subsidies (Bergson-Shilcock 2020). Postsecondary institutions with employer-sponsored workforce programs are essentially asking students to individually navigate less-certain credential attainment without a job or guarantee of a job when those skills otherwise could be developed and demonstrated on the job. In other words, postsecondary institutions are developing talent pipelines for individual employers without providing students with broader sector-wide skills that enable them to leverage their credentials when finding a suitable employer.
Similarly, by serving individual employers, postsecondary employer-sponsored workforce programs confer an unfair advantage in the labor market to sponsoring companies because other firms must pay the complete costs of training workers while simultaneously losing access to a large share of available workers. In both cases, employers are purposefully limiting the competition they face in the labor market for workers, thereby increasing their power and influence in the labor market with the aim of developing a monopsony (McGrew 2018).

Additionally, prioritizing employer-specific training programs at the expense of other vocational education programs at postsecondary institutions further promotes monopsony by diluting the broader educational training opportunities for students. Prior to large government funding cuts, postsecondary institutions did not commonly provide company-specific training because such narrowly focused programs were excluded from the Perkins Act and the Job Training Partnership Act. However, financial stresses in the late 1990s led to the creation of “shadow colleges” (employer-specific programs embedded within postsecondary institutions) that provided employer-focused training programs—and a new revenue stream for institutions—alongside traditional vocational education programs (Jacobs and Teahen 1997). In some cases, postsecondary institutions created physically separate facilities and hired new instructors to administer the programs. As a result, housing employer-sponsored programs within postsecondary institutions led to greater institutional operating costs from facilities and instructors that were employer-specific and could not be employed for other educational purposes, which led to greater dependence on sustained employer partnerships. While some predict that the next frontier of postsecondary workforce training involves further blurring the lines between traditional training programs and firm-specific programs, the reality is that deepening the employer-focused model in workforce training would further reduce worker power and labor market competition (Opportunity America 2020).

HOW TRAINING PROGRAMS IN POSTSECONDARY INSTITUTIONS CAN CENTER WORKERS AND INCREASE WORKER POWER

BROADER PROGRAM FUNDING

To achieve growth and sustainability, regional economies need to continuously adapt
to changes in work caused by shifts in technology and in industry demand. The Great Recession, the COVID-19 pandemic, population aging, and advancements in artificial intelligence and automation are just some of the challenges that regional economies must reckon with. To adapt in the face of both long-run trends and economic uncertainty, communities cannot just focus on short-term competencies and fluctuations in employment levels when preparing a resilient and dynamic workforce; instead, communities must develop workforce programs that sustain employment and promote prosperity throughout the lifetime of each participant who contributes directly to the local economy (Soliz 2016). Effective programs will empower workers by providing broad-based and non–firm specific skills and knowledge that facilitate job mobility and flexibility as economic demand shifts throughout their careers.

Conversely, employers generally don’t value postsecondary programs at institutions unless the institutions are directly serving the employers because most firms don’t want to contribute to increased competition with other employers over workers (Soliz 2016; Spaulding and Martin-Caughey 2015). On the other hand, students enroll in postsecondary workforce training programs because they ultimately want to access quality jobs, increase earnings, and achieve economic mobility. Postsecondary institutions and the communities they serve therefore have a vested interest in realizing the goals of students, while employers face incentives in direct tension with these societal goals. However, all employers would benefit from training programs that help skilled workers develop industry-specific qualifications, reducing employer training costs and increasing the pool of available workers.

Establishing a community-led fund for workforce training programs at postsecondary institutions is a critical and necessary first step to reduce the reliance on employer-sponsored programs that cater training to specific employer needs at the expense of transferable skills and portable credentials. A community-led fund can be structured as a place-based partnership where stakeholders concentrate financial resources in a “backbone” entity that facilitates essential planning and accountability functions to create workforce development programs that serve the broader public interest instead of those of an individual employer (Chan, Knowlton, and Miller 2021).

Additionally, institutions can pursue broader industry partnerships and joint community development opportunities that foster skill attainment and credentialism without supporting monopsony (APLU n.d.). Research on workforce programs that are sector-based or that hire for a cluster of occupations finds significant gains in employment and earnings for program participants (Spaulding and Martin-Caughey 2015). Higher employment and earnings possibilities are influenced by gains in worker power when credentials are portable and in demand by several employers, as workers sort
through employers for the most favorable working conditions. Workforce development programs that include both input from multiple stakeholders and create employment opportunities across a sector or occupational cluster create a framework where no one employer can exert control over training programs or over potential opportunities. Furthermore, postsecondary worker training programs based on a strong collection of community funders not only achieve better worker outcomes, but do so by rebalancing the labor market and strengthening core industries, thereby ensuring a prepared workforce and facilitating constructive competition among employers.

**INCREASED INCLUSIVE PROGRAMMING**

Postsecondary workforce programs may also better serve students and their communities by improving the content and delivery of educational offerings to be more inclusive of “non-traditional” students, who are often older and/or have family and work responsibilities. Both the Great Recession of 2007—2009 and the COVID-19 pandemic have fueled considerable increases in enrollments in community college workforce programs (Quinton 2020). Yet the increasing heterogeneity of students enrolling in postsecondary workforce programs means that institutions are finding it increasingly challenging to meet the needs of a diverse student body (APLU n.d.). The poor job prospects of an economy recovering from recession have driven increases in student enrollment in postsecondary workforce development programs among older workers, women, and people of color. However, without accessible workforce programs, postsecondary institutions risk perpetuating the exclusion of historically marginalized populations.

Postsecondary institutions must be responsive to the needs of today’s students and workers and adapt the content of workforce programs according to the characteristics of each student. Institutions can start by creating a formal intake and guidance process for prospective and incoming program participants that identifies the learning approaches critical to student success. Each individual participant in postsecondary workforce programs enters with distinct competencies, work histories, and career trajectories. Therefore, workforce programs should not offer the same content and format for drastically different populations: For example, high school students entering the labor market for the first time; existing workers interested in skills development to increase career opportunities and mobility; and involuntarily unemployed, laid-off, or dislocated workers seeking reemployment and greater job security all need different kinds of training. Postsecondary institutions that implement adaptive learning approaches will have the flexibility to create custom learning pathways that take these differences, as well as variation in competencies, into account. Doing so will provide students with a
progression of classes that is appropriate for and relevant to them and provides students with alternative credentialing programs such as certificates, badges, and competency permits that are not dependent on traditional academic schedules.

Postsecondary institutions that adapt content to students will be able to implement enrollment strategies that bring historically marginalized communities into their workforce programs. Students from communities traditionally underrepresented in workforce development programs and their subsequent occupational groups must be included if postsecondary institutions are to really serve the broader public. Furthermore, postsecondary institutions should target opportunity youth, the formerly incarcerated, and other populations facing substantial frictions when accessing postsecondary programs and gainful employment. Compared to other workforce development programs, a unique value-add of postsecondary institutions is that they offer a variety of programming options that provide a wide range of students with offerings from continuing education (non-credit) and traditional academic programs.

Postsecondary institutions can also promote inclusion by complementing changes to instruction content with changes in how they deliver workforce training. Many students are not able to access workforce development programming because of scheduling conflicts with their existing jobs or care responsibilities (Palacios et al. 2021). Increasing the flexibility of training delivery by offering in-person, work-based, and hybrid formats can both meet the needs of an increasingly diverse student body while also adapting to the needs of various industries. Online and remote learning options, short-term programs, and other hybrid training programs all foster a more inclusive workforce development program structure. Postsecondary institutions with flexible training delivery options can differentiate themselves from other workforce development programs that rely exclusively on in-person instruction.

At its core, improving the delivery of workforce training in postsecondary institutions is about providing accessible and viable paths away from the low-wage jobs that primarily employ women, Black, and Latino workers. For example, work-based learning opportunities such as apprenticeship programs have proven effective in increasing participation of historically underrepresented communities in workforce development programs. Additionally, labor-management joint apprenticeship programs have also been successful in diversifying the workforces of traditionally segregated occupations. The evidence signals that postsecondary institutions can broaden the communities they currently service with sufficient improvements in the flexibility of workforce training delivery. However, without changes in the delivery of workforce training, postsecondary institutions should expect underrepresentation in workforce development programs to continue.
PROVIDING PROSPERITY COUNSELING

Postsecondary institutions can promote broader prosperity among students, workers, and their communities by leveraging career service departments to provide students with wraparound services and connect students with organizations that center workers’ rights on the job (Dynarski and Oster 2016). Unlike standalone workforce development programs, programs housed within postsecondary institutions benefit from having more extensive links with the communities they serve. Beyond industry partnerships, postsecondary institutions have the capacity to forge relationships with a broad array of nonprofit organizations and government agencies to connect students with essential services that improve their ability to successfully complete workforce development programs and achieve high quality employment.

First, career counseling services can be structured to provide students with counseling that addresses their instructional goals as well as their accessibility needs (Dynarski and Oster 2016). Unlike typical workforce programs, postsecondary institutions can reduce the administrative barriers to accessing public resources, promoting student success in workforce development programs. Career counselors can be empowered by their institutions to work with community partners to streamline the provision of essential wraparound services to students. Resources such as childcare, transportation, broadband internet, health and food subsidies, and legal support serve to improve student workforce outcomes by supporting their well-being while they’re enrolled in programs.

Establishing career counselors in workforce development programs as anchors for wraparound services can leverage the administrative capacity of postsecondary institutions to maximize resources devoted to student success. Embedding services that directly address student basic needs within career counseling enables the creation of clearly defined pathways that map enrollment, program completion, and job placement so that students may have a clear understanding of how to best reduce the frictions that limit opportunity (Bailey et al. 2015). When postsecondary institutions supplement instruction-based counseling with wraparound services they can better address the personal and systemic barriers that typically prevent historically marginalized populations from entering and succeeding in workforce programs. However, for career counseling services to be effective, postsecondary institutions must invest sufficient resources in hiring and training staff.

Second, postsecondary institutions can also connect students with organizations that center workers’ rights during the career counseling process so that they may be better prepared to navigate the labor market. In particular, worker centers, labor unions, and legal aid organizations can contribute their institutional knowledge to educate workers
about current and potential labor conditions. Whether students have access to quality jobs after completing a workforce development program depends on their ability to gain bargaining power as well as the employer demand for specific skills.

Furthermore, as Naidu and Sojourner (2020) recommend, designing training programs to have institutionalized input from worker representatives and past participants is critical to improving the outcomes of program participants. Input from current workers in the career counseling process will help future workers recognize best practices in labor conditions and empower them to identify the best fit for them among potential employers. The latter is key to expanding the employment options of workers and broadening the currently narrow array of employers linked with workforce development programs.

Embedding worker voices in the career counseling process can also serve to promote and support the expansion of workforce programs to underrepresented communities. All students benefit from a greater understanding of the work conditions and compensation associated with specific skills. However, a key value-add of including worker voices in the career counseling process is that underrepresented communities—those often disproportionately employed in low-wage and labor law—violating industries—will better understand their existing labor rights and the resources available for reporting and settling violations. The connection between existing workers and workforce development programs can also spark enrollment gains among workers who are currently employed such as those undergoing mid-career changes or those interested in entering previously racially or ethnically segregated occupations (Dutta-Gupta 2019; McGrew 2018).

**IMPROVED VALUE METRICS**

The ability of postsecondary workforce development programs to improve student and community outcomes will be vastly improved through implementing measures of evaluating program success that prioritize metrics reflecting student and worker well-being. Currently, many workforce development programs are structured to provide training for occupations that are in demand due to high turnover rates driven by low wages and poor working conditions (The White House 2014). The focus on low-paid occupations within workforce development programs is reinforced when postsecondary institutions measure the value and performance of programs based primarily on outcomes like the number of job placements, job retention, and the extent that program completers are meeting employer demand. This narrow focus for evaluating program performance comes at the expense of worker well-being and reifies the monopsony power many employers enjoy.
According to Title IV, workforce development programs at postsecondary institutions must prepare students for gainful employment in recognized occupations, thereby centering worker well-being in measuring the success of students as a condition of eligibility for Higher Education Act Title IV funding. However, the concept of gainful employment should not be distorted to simply mean a wage-paying job. Instead, postsecondary institutions must consider whether they are succeeding at connecting students with jobs and careers that offer decent wages, economic mobility, a voice in the workplace, and respectful labor conditions when evaluating if workforce development programs are leading to gainful employment (Berkowitz 2021). Doing so will address the problems with training students for occupations for which low wages lead to unsustainable levels of loan debt and the possibility that students may be enrolling in postsecondary institutions without clear knowledge about their educational investments and the employment opportunities that await them.

Similarly, program evaluation metrics based on several measures of worker well-being can serve as guardrails to prevent the employer-focused workforce development model that many postsecondary institutions employ. Robust evaluation metrics must be able to convey whether workforce development programs are placing students on a path to high-quality jobs that justify program costs to students, partners, and taxpayers. Narrowly determining the success of workforce development programs on employment rates alone leaves the door open for employers to create exclusive partnerships with postsecondary institutions with the direct aim of crowding out competitors for available workers. Naidu and Sojourner (2020) argue that structuring workforce development programs to funnel completers to a single employer is a typical strategy that employers deploy to increase monopsony power in the labor market.

Improved metrics for the evaluation—and accountability—of postsecondary workforce development programs are not a panacea, but they’re a critical step in assessing and transforming programs in order to better serve students. Postsecondary institutions that center worker well-being in their evaluations will not only be able to provide clear and transparent information to students and their families but they will also produce roadmaps to high-quality, long-term employment for their students.
CONCLUSION

Public postsecondary institutions can serve as hubs for innovation in workforce development programs and become leaders in improving student employment outcomes and rebalancing the labor market. Postsecondary institutions are anchors in the communities in which they are located. Therefore, their workforce programs should not cater to the specific labor demands of a single company. Instead, postsecondary institutions can spur broad-based economic growth and prosperity by serving the whole community.

Workforce programs must center workers’ well-being in their design and operation. Postsecondary workforce programs should reimagine how their programs are funded and how they operate by ending their reliance on employer sponsorships and establishing a community-led fund; improving the content and delivery of training offerings to be more inclusive of underrepresented groups and to improve student success outcomes and reduce occupational segregation; leveraging career counseling services to provide students with wraparound services and connect students with organizations that center worker’s rights on the job; and expanding program performance metrics and accountability to focus on worker well-being and promote a balanced labor market that reduces employer monopsony power. Postsecondary institutions are not alone in serving America’s workers. However, in partnership with the philanthropic community and state and federal governments, American workforce development programs can strengthen worker power and advance broad-based inclusive prosperity.
REFERENCES


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