American Workforce Policy Advisory Board
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Public Comments

Contents

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June 2020 Advisory Board Meeting Public Comment

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O'Connor, Devin [redacted] >

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To: AmericanWorkforcePolicyAdvisoryBoard

Cc: Minarik, Joe [redacted] >; Murray, Lori [redacted] >; Pigninelli,

TCB-CED-The Future of Work...

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Thank you for the opportunity to submit a statement to the Advisory Board.

The Committee for Economic Development of The Conference Board (CED) is a nonprofit, nonpartisan, business-led public policy organization that delivers well-researched analysis and reasoned practical solutions to our nation's most critical issues, including on critical issues related to the workforce.

We are submitting CED's recent solution brief "The Future of Work: How America Can Meet the Upskilling Challenge." Even before the pandemic, there was a pressing need for business leaders and policymakers to better position US workers to contribute to and share in growing prosperity in the years ahead. Today, efforts to better position US workers are being approached and funded in disparate ways. The attached solution brief lays out CED's analysis and proposed approaches for delivering a US job training system that more effectively helps workers achieve their goals and helps the nation field a more modern, highly skilled workforce.

Thank you for your consideration of these important issues.

Respectfully,

Devin O'Connor
On behalf of Dr. Lori Esposito Murray, President, Committee For Economic Development

The Future of Work
How America Can Meet the Upskilling Challenge

Even before the COVID-19 pandemic led to the highest national unemployment rate since the Great Depression, anxiety persisted about how American businesses and workers would be affected by future changes in the labor market. Speculation about the "future of work" is typically centered on how new or emerging technologies could potentially change which skills are in demand, what jobs exist, which sectors will thrive or shrink, and how employee-employer relationships may shift. But changes in demographics and globalization, as well as in politics, culture, and society, will also be critical in determining where the world of work is headed. The economic dislocations resulting from—and innovations adopted in response to—the current public health emergency and economic downturn may speed the pace of change.[1]

Public policy commentary on how to prepare for the uncertain future of work is neither new nor limited to the US.[2] But given a boost of urgency from recent economic events and both the potential opportunities and downside risks—as well as the long-term consequences of a failure to prepare--business leaders and policy makers must better position US workers to contribute to and share in growing prosperity in the years ahead. Today, efforts to better position US workers are being approached and funded in disparate ways. What is urgently needed is for public and private sector leaders to devise a comprehensive, collaborative strategy centered around forecasting skill needs, partnerships between business and academia, better matching supply and demand, job training, retraining, and upskilling.[3] This report helps to lay out reasoned analysis and approaches for delivering a US job training system that more effectively helps workers achieve their goals and helps the nation field a more modern, highly skilled workforce.

SOME FUTURE OF WORK SCENARIOS, IF UNADDRESSED, COULD POSE CHALLENGES FOR SUSTAINING CAPITALISM

Just as in the past, if US businesses are to thrive in the years ahead, they will need consistent access to a deep pool of talent whose skills adapt and grow as the demand for those skills constantly evolves. The responsibility for developing and refreshing the skills of workers to meet those shifting demands will require collaboration between private and public actors, including academia.

Constant change is nothing new. However, some predictions call for a historically elevated pace and magnitude of change, which animates common concerns about what the US may face in transitioning its workforce to meet the needs of the future economy and drive its development. While these are not the only concerns raised, they help to demonstrate why some future changes, if left unaddressed, will affect US workers and could give rise to further complaints about the shortcomings of capitalism.

Even if the US is able to harness technological developments and other future changes to increase overall economic growth and prosperity, urgent challenges for policy makers and business leaders remain.

Concern #1. Technology-facilitated disruption will increasingly take the form of displacement Some analysts worry that future automation of human tasks could happen so rapidly that job displacement, rather than adjustment, could become the prevailing outcome of technological disruption in the future, leading to greater unemployment as workers struggle to adjust to changes in demand.[4] In the past, technological change has typically been associated with a net increase in employment, as some jobs are eliminated, some new jobs are created, and many old jobs change to absorb or incorporate new technologies.[5] But past outcomes do not guarantee a similar pattern in the future, especially over a relatively short period of a time of frenetic change.[6]

Even in an environment of net job growth—where most workers benefit either directly from new jobs or higher wages, or indirectly from stronger growth or increased purchasing power—the elimination of some existing jobs means that many workers may be negatively affected. The impacts will likely occur unevenly, with some regions or towns deeply affected.[7] Once displaced from a job, workers often struggle to recover. From 2000 to 2014, for example, only slightly more than half of displaced workers returned to employment within one year.[8] Studies show that adults returning to work for a different employer after an involuntary job loss typically suffer large earning losses.[9] Additionally, particularly during periods of weak overall employment, a worker who loses his or her job is more likely to suffer poor health outcomes, and this may make it more difficult to find high-paying work in the future.[10] For those reasons, the possibility of an increasing incidence of job displacement is concerning.

Concern #2. Workers will need to adjust to an increasing pace of change Even for workers whose jobs do not disappear entirely, related changes in technology and business practices can greatly alter the types of tasks a worker performs on a daily basis and require the development of new or different skills. Over the course of a career, if technological developments lead to a more rapid pace of change in what skills are needed or valued, it could significantly alter a worker's career path, requiring more frequent or more substantial adjustments than if skill demands remained more static.[11] While some analysts project an accelerating shift in in-demand skills over the next decade, there are signs that we may already be in a period of rapid skill change.[12] For instance, half of employment growth between 1980 and 2015 took place in occupations with new job titles or tasks.[13] One study found that the share of jobs requiring a high level of digital skills more than tripled—to encompass nearly a quarter of all jobs—between 2002 and 2016.[14]

Surveys show that workers and employers also perceive an increasing pace of change in demand for new skills. When questioned in 2016, roughly two-thirds of workers said the need to improve skills was greater than in the past 20 to 30 years, and more than 70 percent said that need would grow over the next 20 to 30 years.[15] In 2018, American employers estimated that more than a quarter of their workforce would need at least three months of training just to keep pace with the necessary skill requirements of their current roles by 2022.[16] While the skill requirements of in-demand jobs have always shifted over time, a quickening pace of change would force more workers and employers to spend additional time and effort in frequently updating and developing new skills to keep up with that shifting demand.

Concern #3. Elevated uncertainty will make charting a productive career path more difficult When surveyed, more than half of labor force participants ages 30 to 49 felt that ongoing training would be essential throughout their working lives.[17] But even with that recognition, workers face a difficult challenge in assessing the individual risks and opportunities they face and taking concrete steps in anticipation of future changes. A 2017 study suggested that under one scenario, as much as a third of the workforce would need to change occupations by 2030. However, in the underlying analysis, the share of current work hours that could be automated by 2030 ranged from close to zero in a slow technology adoption scenario to more than two-fifths under a rapid adoption scenario.[18] Even at a national level, the task of determining what skills will be needed in the future is challenging—a 2016 National Academies of Sciences report on technology and the workforce noted that "the United States has a poor track record of predicting future workforce skills."[19] Businesses and schools will need to work together more closely to predict skills needed in the future. Under these conditions, few workers are likely to feel secure in their current positions or confident about the best career paths forward.

Concern #4. Economically vulnerable workers are the most likely to be negatively affected While there is widespread disagreement about how much future changes will affect workers on average, there is general agreement that workers who are more vulnerable economically will be disproportionately at risk for negative outcomes.[20] Workers living in rural areas that have already experienced slow economic growth in recent years may also be more vulnerable to technology-driven disruption.[21]

A 2016 Council of Economic Advisers analysis found that more than 80 percent of occupations with a median hourly wage of less than $20 in 2010 faced at least average risk of automation, compared to less than 5 percent of occupations where the median hourly wage exceeded $40.[22] Not only will low-wage workers potentially be at higher risk for more frequent or more significant disruption, but such workers, typically already at elevated risk of facing economic insecurity, may be the least well positioned to afford the time and resources necessary to acquire new skills or credentials.[23]

PAST LABOR MARKET TRENDS INFORM FUTURE CONCERNS

Like much of the developed world, the US has experienced very slow productivity growth in recent decades and will rely more heavily on achieving faster rates of productivity growth to drive positive economic outcomes in the future.[24] Therefore, many of the most disruptive "future-of-work" scenarios reflect optimism that rapid, productivity-enhancing breakthroughs will be achieved and require significant action to adapt to new technologies and help workers reskill.[25]

However, taking private and public action to prepare for uncertain, but potentially historic, changes in the pace and scope of disruption is both wise and necessary. This is, in part, because of the potential magnitude of risk and opportunity these scenarios present but also because concerns about whether workers will share widely in growing future prosperity is partially based on existing concerns about the current labor market.

Even prior to the economic shock from COVID-19, a roughly decade of steady improvements in the economy since the Great Recession--including wage growth in blue-collar and manual services jobs above prerecession rates--left many Americans working full time in relatively low-income jobs.[26] Nearly a quarter of full-time workers, aged 25 to 64 years old, earned less than $15 per hour in 2018.[27] Ideally, job transitions would more often reflect an increase in economic opportunity rather than a setback. However, one study found that most workers in the bottom three-fifths of the earning distribution either remained in the same or fell to a lower quintile of earnings after a job change.[28]

Labor force participation rates also remained disappointing. Despite significant improvements between 2015 and the start of 2020, the share of 25- to 54-year-olds who were working or looking for work in January 2020 remained 1.3 percentage points lower than 20 years earlier, with the US performance lagging behind other countries like Germany, France, the United Kingdom, and Canada.[29] American workers may also have faced higher levels of insecurity when it comes to predictable work schedules, benefit coverage, or risk of job loss.[30]

Concerns that future changes may exacerbate inequality build on the recognition that, by many measures, economic outcomes have become increasingly polarized over recent decades, despite the period of recent progress pre-COVID-19.[31] One such improvement is that wage gains for those at the bottom of the wage income distribution outpaced wage gains for higher-income workers in recent years and contributed, at least temporarily, to record-low poverty rates for black and Hispanic workers.[32] However, educational attainment increasingly predicts who participates in the labor force. In the 1980s, men between the ages of 25 and 54 years old with at least a bachelor's degree were, on average, roughly 3 percentage points more likely to be working or looking for work than men of the same ages without a four-year degree. In the 2010s, the annual gap between those two groups was more than 8 percentage points on average.[33] One study found that only a third of workers without a bachelor's degree were either in jobs that paid at least the median local salary or were in entry-level positions that, based on the authors' analysis of historical job-switching patterns and projections, were expected to lead to such a job within 10 years.[34] Job training will be increasingly important if we enter a period of rapid change

Reorienting the secondary and postsecondary education system to better prepare students to meet employers' evolving demands is of the utmost importance for the strength of the American workforce. But if employers' demands for skills evolve more rapidly in the future—whether due to changes in technology or some other set of forces—the need for effective solutions that help current workers add new skills, transition to new roles, or pursue different careers will grow. The share of the workforce undertaking substantial training at any given time will increase, as will the frequency with which an average worker shifts occupations.

There are currently over 70 million Americans between the ages of 25 and 45 in the labor force, most of whom will remain working in some fashion for much of the next 20 to 40 years, and few of them are likely to return to a degree-granting education setting.[35] Beyond the responsibility borne by the individuals themselves, private and public actors, often working in concert, will share the task of helping workers navigate change and disruption. This task will include reskilling and incentivizing workers to continue lifelong learning so they share in growing prosperity. While the public school system will bear the initial burden of preparing workers for careers marked by continual learning, adaptation, and change, employers will typically be the frontline providers, or conduits, to further training and education. Where workers fall through the gaps of the training and education system, or are otherwise disconnected from employment, public-supported efforts, informed by or in partnership with would-be employers, will be needed.

Some important considerations for the role of public policy in improving job training include the following:

First, job training will be an important element of helping workers achieve growing prosperity but is not sufficient on its own. The prospect of sharper and more frequent disruption will necessitate other policy responses, including rethinking how the US structures and provides labor market supports and safety net benefits more generally. Approaches that were successful in the late 20th century may not be optimized for a 21st-century economy. CED's *Solutions Brief* series—addressing urgent issues such as health care, early learning, and confronting demographic change—helps point to the range of issues where policy makers must pursue commonsense solutions in the nation's interest to ensure Americans share widely in the benefits of economic growth and make capitalism sustainable for generations.[36]

Second, since connecting workers, or keeping them connected, to employment is critical to achieving more broadly shared prosperity, job training programs will need to address or ameliorate existing barriers to training to be effective. The jobs forecast as having the most near-term exposure to automation risk are often populated by workers with low educational attainment and relatively little savings.[37] Even before the pandemic, it was clear that many low-income workers, as well as would-be workers who were currently unemployed or out of the labor force altogether, faced economic or family situations that left them vulnerable to financial shocks or difficulties. This makes pursuing or completing job training challenging.[38] For example, just as reliable access to affordable, quality childcare is often key for parents seeking to maintain employment, it is likely also necessary for pursuing and completing training opportunities.[39] Such barriers to job training are unlikely to improve in a period of more rapid change and disruption.[40]

Third, identifying and supporting effective models for skill building and job training that do not rely on an employer-centered model of work and training will be critical for assisting workers who do not have traditional employee-employer relationships, particularly if such arrangements become more prevalent in the future.[41] The Bureau of Labor Statistics estimates that roughly 1 in 10 workers had an "alternative employment arrangement," such as independent contracting, on-call employment, or work for a contract firm or temporary help agency, as their primary source of work hours in 2017, roughly consistent with the share of workers with similar arrangements two decades earlier.[42] Many workers in alternative employment arrangements also count among the roughly 1 in 10 workers who are self-employed.[43] Workers who are not employees have likely been underserved by the US' heavy reliance on employer-provided training in the past.

ACHIEVING A MODERN, HIGHLY SKILLED WORKFORCE

To prepare the current workforce to thrive in an environment of rapidly changing skill demand and more frequent disruption, the US must pursue a comprehensive job training, retraining, and upskilling strategy centered around public and private sector collaboration, including:

Encouraging and incentivizing employers to take responsibility for training their employees While the public school system will bear the initial burden of preparing workers for careers that may be marked by continual learning, adaptation, and change, employers will be the most important provider of *training*—helping new hires and long-standing employees to develop evolving skills. Employers recognize the benefit when workers are trained to meet their particular job demands or future skill outlook and should bear those costs.[44] Employers who demonstrate that they can help employees achieve new, more highly skilled roles within the company—or even outside of it—will better attract, retain, and develop the talent they need.[45] The high cost of turnover is also an incentive for employers to develop the skills of their workforce.

Employers' commitment to investing in their workers will become even more important if rapid skill change and job displacement become more common. The nation also benefits when employers invest in modernizing and upgrading their workers' skills, making the US workforce more skilled and globally competitive overall. While employers should take the primary responsibility for training their workforce, conditions in the future could spur the US to reconsider how it incentivizes employers, or consortiums of employers, to train their existing and potentially highly mobile workforces.[46]

Encouraging private-public collaboration to align new job skills with training programs to improve outcomes for workers and their would-be employers When designing job training programs, the incentives of businesses and trainees are often aligned. Much as employers desire a steady supply of trainees to emerge with relevant, in-demand skills to fill critical open roles at the entry level or further up the experience chain, adults enter training midcareer with the hope of improving their earnings trajectory. Employers can and should play a critical role in shaping available training options—partnering with broad-access educational institutions, workforce training boards, and other training providers—to ensure offerings are continually updated to reflect current and future market needs and convey relevant skills and experience. The heavy involvement of employers—whether through assessing and projecting job training needs; providing input into curricula; or supplying labor market data, training equipment, instructors, or on-the-job learning opportunities—is critical to helping workers who successfully complete training achieve their goals.[47] Similarly, training providers—particularly those with public funding and limited resources—have an obligation to ensure that their offerings evolve to match changing labor market demands in as close to real time as possible, providing the highest value and greatest chance of success to adults relying on them to advance in their careers.[48] Publicly supported training providers, and especially broad-access educational institutions, must seek out and develop partnerships with employers, employer associations, unions, and other entities to leverage data, expertise, and resources. Given the scope of the potential growth in demand from current workers seeking to update or upgrade their skills, the US will require energetic and creative innovation in the postsecondary sector, including less expensive, competency-based alternatives to traditional "seat-time" approaches to awarding credentials.[49]

Helping individuals pursue opportunities to upgrade or learn new skills Even under the most disruptive scenarios for the future of work, many workers will retain the primary responsibility for seeking out and pursuing training opportunities that will keep their skills in demand and allow them to continue to advance in their careers. But if the pace of change among in-demand skills greatly accelerates, and the need for periodic training becomes more frequent, these workers will need tools that help them to educate themselves and train on their own. Old forms of support, like student loans for extended periods of study out of the workforce, may not be the most appropriate vehicle for a future that requires near-continuous skill building. Instead, policy makers will need to consider alternatives that help workers who cannot rely solely on employer-provided training. These alternatives would help workers save for training and manage their own career development.[50]

Developing an information ecosystem to help adults navigate available training options In the words of Professor Paul Osterman, existing job training options for midcareer workers, outside of the most expensive and time-intensive university programs, can typically be characterized as "complicated, hard to navigate, and under-funded."[51] Even at a "big-picture" level, it can be very challenging to plot a successful career path when existing labor market opportunities and the "return on investment" job seekers can expect to see remain unclear. While different models for training and accreditation have proliferated and enabled experimentation, customization, competition, and choice in the field, participants often receive little information to validate the quality of training, understand how it may impact career paths, or improve short- or long-term earnings. Finding a way to better provide this information is necessary for a well-functioning training system so that workers can act as informed customers as they shop between training paths and providers. For example, more large companies could explore creating online portals that allow workers to see what jobs are available and what skills are required within companies.[52]

Expanding eligibility for and access to publicly supported training If more workers are going to be at higher risk of job displacement more frequently throughout their careers, earlier, more effective intervention for a larger share of the at-risk workforce would be in the public interest. The US needs to rethink its current approach to publicly supported job training. Outside of its institutions of higher education, federal support has largely focused on narrow populations of workers affected by trade-related disruption and some adults without current employment.[53] Increasing access to job training, and the range and generosity of supports provided, will come at a cost.[54] If the US is going to reach more at-risk workers with public support, it will need to experiment widely to find the most cost-effective approaches.

Evaluating and supporting the most effective training models to meet the needs of a wide range of workers Policy makers and business leaders should pursue the training approaches that prove to be the most effective over the long run. In practice, different workers will face different constraints and different needs.[55] In each instance, policy makers should be agnostic to the form of training and its provider. Whether training is provided by a union or association within a sector, by an employer-community college partnership, or by a private provider, the most effective models should receive US support and be shared across industries and locations.[56] Funding the assessment of existing models and the evaluation of promising approaches, while supporting wider experimentation, will be a critical federal role.

Creating special economic incentive zones for areas hit by displacement and dispersing government investment programs geographically If the negative shocks of job displacement and the risks to workers from rapidly changing skill requirements vary strongly by geography, and workers and businesses in affected regions struggle to adjust and thrive, policies that are uniformly targeted may not be the most effective response.[57] Instead, policy makers should evaluate options for incentives and other forms of aid to spur economic growth and job creation in the areas that need them the most, while also applying the lessons from past place-based policies that failed to demonstrate desired outcomes.[58]

Reforming tax policy to facilitate investments that maintain or modernize capital Tax policy should not discourage businesses from investing in the maintenance or modernization of their physical plants. Particularly in a period of rapidly changing technology and demand, where failure to make appropriate capital investments could have long-run economic consequences for businesses and workers, the US will need a corporate tax regime that reduces disincentives to investment while raising revenue as efficiently and effectively as possible.[59]

Lifting regulatory burdens in areas that need help CED champions "smart regulation," a careful outcome- and market-based measurement of the value of regulations and a need to continually update regulations to match changing data and evolving circumstances.[60] As regions cope with rapid changes in technology, skills in demand, job displacement, and the potential economic challenges that follow, regulations should be updated to match facts "on the ground." Policy makers at all levels of government and business leaders should reevaluate and reweigh the benefits and costs of regulations in their specific labor market environment, allowing their communities to better position themselves to seize opportunities for broadly shared economic growth.

Endnotes

1. For example, on the role of demographic change, see: "The Aging Workforce: Tackling the Challenge," Committee for Economic Development of The Conference Board.

2. David Autor, "Why Are There Still So Many Jobs? The History and Future of Workplace Automation," *Journal of Economic Perspectives* 29, no. 3 (Summer 2015): 3-30. Concerns about technological advances leading to widespread job loss date back at least to the industrial revolution. An example of public policy attention from more recent US history can be found in President Johnson convening a "Blue-Ribbon National Commission on Technology, Automation, and Economic Progress" in 1964. But the policy implications of the changing nature of work have been the focus of much recent work, including both the World Bank's 2019 World Development Report and the Organization for Economic Cooperation and Development's (OECD) Employment Outlook 2019. See: "World Development Report 2019: The Changing Nature of Work," World Bank, October 12, 2018 and "OECD Employment Outlook 2019: The Future of Work," OECD, April 25, 2019.

3. Business leaders are clearly focused on what future developments may mean for their own companies' ability to adapt to a shifting landscape, procure the talent and skills they need, and take advantage of the opportunities presented by rapidly changing technologies and business models. In The Conference Board C-Suite Challenge 2020, a survey of hot-button issues, US CEO's cited the attraction and retention of top talent and the creation of new business models because of disruptive technologies as the two most common internal-facing issues requiring their greatest attention. Data analytics and collaboration and creating a more innovative culture were also among their top concerns. See: Charles Mitchell, Ilaria Maselli, Rebecca Ray, and Bart van Ark, *C-Suite Challenge™ 2020: Risks, Opportunities, and Hot-Button Issues*, The Conference Board, January 2, 2020.

4. "Job Creation and Local Economic Development 2018: Preparing for the Future of Work," OECD, September 18, 2018. Some analysts have suggested that the shift in incomes shares from labor to capital in recent decades could be, at least in part, a manifestation of that developing dynamic (i.e. the pace of automation is increasing faster than the creation of new labor-intensive tasks and new automation-facilitated jobs, making capital relatively more valuable than labor). However, the extent to which automation should be expected to drive a trend of lower labor shares of national income and the extent to which it is driving the current trend are both contested and uncertain. See: Daron Acemoglu and Pascual Restrepo, "The Race between Man and Machine: Implications of Technology for Growth, Factor Shares, and Employment," *American Economic Review* 108, no. 6 (2018): 1488–1542; James Manyika, Jan Mischke, Jacques Bughin, Jonathan Woetzel, Mekala Krishnan, and Samuel Cudre, "A New Look at the Declining Labor Share of Income in the United States," McKinsey Global Institute, May 2019.

5. Mark Muro, Robert Maxim, and Jacob Whiton, "Automation and Artificial Intelligence: How Machines Are Affecting People and Places," Brookings Institution, January 2020. For example, an analysis of the impact of automation on US jobs between 1980 and 2016—an era notable for the widespread adoption of personal computers and advancement of processing power and software—concluded that, while automation had replaced many jobs, it also "complemented much work and so supported growth." Looking over an even longer period, a study of British occupational census records going back nearly 150 years concluded that technological change led to "faster growth and, in time, rising employment," with job creation and enhancement outpacing job destruction. See: Ian Stewart, Debapratim De, and Alex Cole, "Technology and People: The Great Job-Creating Machine," Deloitte, August 2015.

6. Daron Acemoglu and Pascual Restrepo, "Automation and New Tasks: How Technology Displaces and Reinstates Labor," *Journal of Economic Perspectives* 33, no. 2 (Spring 2019): 3-30. For example, some analysts point to the industrial revolution as a period where difficult changes may have preceded by decades the adjustments—political and economic—that led to widely shared increases in living standards. See: Robert Allen, "Pessimism Preserved: Real Wages in the British Industrial Revolution," Oxford University Department of Economics Working Paper No. 314, 2007; and Ryan Avent, *The Wealth of Humans*, St. Martin's Press, 2016.

7. Mark Muro, "Countering the Geographical Impacts of Automation: Computers, AI, and Place Disparities," Brookings Institution, February 14, 2019.

8. "Back to Work: United States: Improving the Re-employment Prospects of Displaced Workers," OECD, December 6, 2016. Even excluding the post-Great Recession period, only roughly 6 in 10 displaced American workers were re-employed within 12 months in the 2000 to 2006 period.

9. Kevin Hallock, Michael Strain, and Douglas Webber, "Job Loss and Effects on Firms and Workers," Cornell University, June 9, 2011. The earnings loses are due to a combination of reduced pay and a higher likelihood of subsequent job losses for an extended period after a worker returns to employment.

10. Jessica Pearlman, "The Consequences of Job Displacement for Health: Moderating Influences of Economic Conditions and Educational Attainment," *Social Science Research* 52 (July 2015): 570-587..

11. Martin Fleming, Wyatt Clarke, Subhro Das, Phai Phongthiengtham, and Prabhat Reddy, "The Future of Work: How New Technologies Are Transforming Tasks," MIT-IBM Watson AI Lab, October 31, 2019.

12. Jacques Bughin, Eric Hazan, Susan Lund, Peter Dahlström, Anna Wiesinger, and Amresh Subramaniam, "Skill Shift: Automation and the Future of the Workforce," McKinsey Global Institute, May 2018. Looking across five categories of skill sets, McKinsey Global Institute researchers projected that four of those categories would experience larger changes in the share of hours dedicated to those skill categories between 2016 and 2030 than during the previous 14-year period.

13. Acemoglu and Restrepo, 2019.

14. Mark Muro, Sifan Liu, Jacob Whiton, and Siddharth Kulkarni, "Digitalization and the American Workforce," Brookings Institution, November 2017.

15. "The State of American Jobs," Pew Research Center, October 6, 2016. A survey conducted 10 years earlier found a similar share of working Americans who felt that the need for training had grown, potentially indicating a continuing trend or a persistent perception.

16. "The Future of Jobs Report 2018," World Economic Forum, September 17, 2018.

17. Pew Research Center (2016).

18. James Manyika, Susan Lund, Michael Chui, Jacques Bughin, Jonathan Woetzel, Parul Batra, Ryan Ko, and Saurabh Sanghvi, "Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation," McKinsey Global Institute, December 2017.

19. *Information Technology and the US Workforce: Where Are We and Where Do We Go from Here?* National Academies of Sciences, Engineering, and Medicine, 2017. For example, despite a common emphasis on science, technology, engineering, and math (STEM) skills' importance to future workers in the recent past, research by David Deming suggests that social-skill intensive occupations, including the subset of such occupations that were STEM focused, saw the fastest growth and fastest wage growth in recent decades. By comparison, even jobs that required high levels of math skill but low levels of social skill saw slower growth. See: David Deming, "The Growing Importance of Social Skills in the Labor Market," NBER Working Paper No. 21473, June 2017.

20. Jason Furman, "Should We Be Reassured If Automation in the Future Looks Like Automation in the Past?" *The Economics of Artificial Intelligence: An Agenda*, May 2019. For example, an OECD analysis found that, while only 9 percent of US jobs overall were highly automatable—comprised of at least 70 percent feasibly automatable tasks—workers with only a high school diploma were more than twice as likely to hold a highly automatable job; workers without a high school diploma were nearly five times as likely. A 2019 report by the McKinsey Global Institute came to a similar conclusion, finding that workers with a high school diploma or less were four times more likely to be in a highly automatable role than workers with at least a bachelor's degree. See: Melanie Arntz, Terry Gregory, and Ulrich Zierahn, "The Risk of Automation for Jobs in OECD Countries: A Comparative Analysis," OECD Social, Employment, and Migration Working Papers No. 189, May 14, 2016; and Susan Lund, James Manyika, Liz Hilton Segel, André Dua, Bryan Hancock, Scott Rutherford, and Brent Macon, "The Future of Work in America: People and Places, Today and Tomorrow," McKinsey Global Institute, July 2019.

21. Lund et al. (2019). Workers living in economically slow-growing or declining rural areas are also less likely to benefit from the creation of new technology-facilitated jobs than workers who already live in or near large, diverse urban areas, exacerbating an already growing divide.

22. "Artificial Intelligence, Automation, and the Economy," Executive Office of the President, December 20, 2016.

23. Molly Kinder and Amanda Lenhart, "Worker Voices: Technology and the Future for Workers," *New America*, November 21, 2019.

24. "Total Economy Database: Output, Labor and Labor Productivity, 1950-2019," The Conference Board.

25. "Growing the American Workforce: Bolstering Participation Is Critical for US Competitiveness and Economic Strength," Committee for Economic Development of The Conference Board (CED), October 2019.

26. Gad Levanon, Elizabeth Crofoot, Frank Steemers, and Robin Erickson, *US Labor Shortages: Challenges and Solutions*, The Conference Board, January 27, 2020.. For example, the weekly earnings of a worker in the 25th percentile of earnings improved over the past six years but still remained below pre Great Recession levels when adjusted for inflation prior to the COVID-19 pandemic. See: Jed Kolko, "Better News on Job Quality," jedkolko.com, January 7, 2020.

27. Paul Osterman, "Employment and Training for Mature Adults: The Current System and Moving Forward," Brookings Institution, November 2019. Roughly 6 percent of full-time workers, aged 25 to 64 years, earned less than $10 per hour. Using a relatively expansive definition, one study, which attempted to adjust for cost of living, identified 53 million Americans as belonging to the low-wage workforce. This number includes both part- and full-time workers but excludes students pursuing postbaccalaureate studies, students working an average of less than 14 hours per week, and the self-employed. Workers are considered low-income if they earn less than two-thirds of the median national wage for men working full-time, adjusted for locality. By this treatment, roughly 43 percent of non-self-employed workers ages 18 to 64 are considered low-income. See: Martha Ross and Nicole Bateman, "Meet the Low-Wage Workforce," Brookings Institution, November 2019.

28. Marcela Escobari, Ian Seyal, and Michael Meaney, "Realism about Reskilling," Brookings Institution, November 7, 2019.

29. "Growing the American Workforce," CED; "The Aging Workforce: Tackling the Challenge," CED, February 6, 2020; authors calculations based on "Labor Force Statistics from the Current Population Survey: series LNS11300060," Bureau of Labor Statistics. The seasonally adjusted labor force participation rate for adults between the ages of 25 and 54 was 84.4 percent in January 2000 and 83.1 percent in January 2020.

30. "OECD Employment Outlook 2019," OECD, (April 2019); Daniel Schneider and Kristen Harknett, "Consequences of Routine Work-Schedule Instability for Worker Health and Well-Being," *American Sociological Review* 84, no. 1 (2019): 82–114. For example, while conclusive longitudinal data is absent, Schneider and Harknett conclude that "predictable work schedules had become increasingly rare." When measured in the 2010s, nearly 40 percent of early career workers received work schedules less than seven days before the start of their work week. The US also ranked 21st among member countries on the OECD's measure of labor market insecurity, based on the expected earnings loss associated with becoming unemployed. See: Susan Lambert, Peter Fugiel, and Julia Henly, "Precarious Work Schedules among Early-Career Employees in the US: A National Snapshot," University of Chicago, August 27, 2014; "Job Quality," OECD Job Quality Database.

31. For example, economic mobility appears to have declined for more recent cohorts of Americans, likely driven by comparatively greater inequality in the distribution of economic growth experienced by younger workers. Professor Raj Chetty and coauthors find that absolute income mobility has fallen across the entire income distribution, and especially for middle class families. Looking at age 30 incomes, roughly 90 percent of children born in 1940 out-earned what their own parents had made at age 30; compared to roughly half of children born in 1980. They find that roughly 70 percent of the decline in absolute mobility between the 1940 and 1980 birth cohorts is driven by a comparatively more unequal distribution of economic growth. Additionally, black-white income disparities have also persisted, tied to substantially lower rates of upward mobility and higher rates of downward mobility for black Americans. The driving factor appears to be large differences in wages and employment rates between black and white men. See: Raj Chetty, David Grusky, Maximilian Hell, Nathaniel Hendren, Robert Manduca, and Jimmy Narang, "The Fading American Dream: Trends in Absolute Income Mobility Since 1940," National Bureau of Economic Research Working Paper No. 22910, December 2016; and Raj Chetty, Nathaniel Hendren, Maggie Jones, and Sonya

Porter, "Race and Economic Opportunity in the United States: An Intergenerational Perspective," *Quarterly Journal of Economics* (forthcoming), December 2019.

32. Levanon et al. (2020).

33. Authors' calculations based on Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, and J. Robert Warren, "Integrated Public Use Microdata Series, Current Population Survey: Version 6.0," (Minneapolis, MN: IPUMS, 2018).

34. Growing the American Workforce," CED; Chad Shearer and Isha Shah, "Opportunity Industries: Exploring The Industries That Concentrate Good And Promising Jobs In Metropolitan America," Brookings Institution, December 2018.

35. "The Employment Situation – January 2020," Bureau of Labor Statistics, February 6, 2020.

36. A collection of CED 2020 Solution Briefs can be found upon release at https://www.ced.org/2020-solutions-briefs

37. Ross and Bateman (2019).

38. Kinder and Lenhart; Cynthia Hess, Yana Mayayeva, Lindsey Reichlin, and Mala Thakur, "Supportive Services in Job Training and Education: A Research Review," *Institute for Women's Policy Research*, November 25, 2016.

39. "Childcare in State Economies: 2019 Update," CED, January 21, 2019; Gina Adams and Shayne Spaulding, "Child care support is critical for advancing job training and workforce development," *Urban Wire*, August 16, 2018.

40. This may be one reason why, when surveyed in 2017, more than half of workers with at least some college education felt that technology increased their opportunities for advancement while less than one-third of respondents without college education agreed. See: Lee Raine, "10 Facts about Jobs in the Future," Pew Research Center, October 10, 2017.

41. Some analysts have pointed to the "fissuring" of the workplace—where companies outsource activities not deemed core competencies to better specialize on their primary area of business focus—as a source of change in typical employer-employee relations. If more workers are in employment relationships where they provide services through subcontractors or third-party companies rather than in direct employment to the business receiving those services, who is responsible for offering training and advancement opportunities may be more ambiguous, and the employer's interest in providing such opportunities may be circumscribed. See: David Weil, *The Fissured Workplace: Why Work Became So Bad for So Many and What Can Be Done to Improve It*, Harvard University Press, 2014; Neil Irwin, "To Understand Rising Inequality, Consider the Janitors at Two Top Companies, Then and Now," *New York Times*, September 3, 2017.

42. Karen Kosanovich, "Workers in Alternative Employment Arrangements," Bureau of Labor Statistics, November 2018. The majority of workers identified as in an alternative employment arrangement were classified as independent contractors. The estimated share of Americans in alternative employment arrangements has been similar each of the six times BLS has surveyed the issue, beginning in 1995. Even among workers whose income primarily comes from one employer, many participate in other work arrangements as well. An Upwork-sponsored survey found that 35 percent of workers engaged in some form of freelancing—supplemental, temporary, or contract- or project-based work—in the year prior to June 2019. Similarly, a 2018 Federal Reserve survey found that roughly 30 percent of adults engaged in some form of informal or infrequent work for pay in the previous month, reporting a median of five hours spent on such activities. See: Adam Ozimek, "Report: Freelancing and the Economy in 2019," Upwork, October 3, 2019; and "Report on the Economic Well-being of U.S. Households in 2018 - May 2019," Board of Governors of the Federal Reserve System, May 2019.

43. "The Employment Situation – January 2020," Bureau of Labor Statistics, February 6, 2020.

44. Daron Acemoglu and Jörn-Steffen Pischke, "Beyond Becker: Training in Imperfect Labour Markets," *The Economic Journal* 109, no. 453 (February 1999): F112-F142. Already, US CEOs cite the attraction and retention of top talent as a critical internal-facing issue requiring their greatest attention, and even under current economic conditions, an analysis by The Conference Board found that the firms most affected by recruitment and retention challenges turn to increased training and talent pipeline development as a critical strategy—more intensively providing or expanding online learning activities and internal training programs. See: Mitchell et al. (2020); Levanon et al. (2020).

45. Sandra Sucher and Shalene Gupta, "Layoffs That Don't Break Your Company," *Harvard Business Review*, May-June 2018.

46. Alastair Fitzpayne and Ethan Pollack, "Worker Training Tax Credit: Promoting Employer Investments in the Workforce," The Aspen Institute Future of Work Initiative Working Paper, August 2018.

47. "The Power of Career- and Employer-Focused Training and Education," MDRC, March 2017.

48. Michael Grosz, "Do Postsecondary Training Programs Respond to Changes in the Labor Market?" Abt Associates, February 20, 2019.

49. "Tackling Economic Inequality, Boosting Opportunity: A Blueprint for Business," CED, April 6, 2016.

50. Alastair Fitzpayne and Ethan Pollack, "Lifelong Learning and Training Accounts: Helping Workers Adapt and Succeed in a Changing Economy," Aspen Institute Future of Work Initiative Issue Brief, May 2018.

51. Osterman (2019).

52. Susan Caminiti, "AT&T's $1 Billion Gambit: Retraining Nearly Half Its Workforce for Jobs of the Future," March 13, 2018.

53. "Back to Work: United States," OECD. For instance, one element of that rethink will need to focus on those workers who do not fit within a traditional employee-employer relationship. Additionally, the US may also need to change how it supports workers during periods of job transitions. Among those who have separated from employment, relatively few unemployed workers receive unemployment insurance benefits –in 2018, only 26 percent of unemployed people who had worked in the previous 12 months applied for unemployment insurance benefits since their last job ended—and many recipients, roughly 35 percent in 2019, exhaust their benefits prior to returning to work. See: "Most Unemployed People in 2018 Did Not Apply for Unemployment Insurance Benefits," Bureau of Labor Statistics, October 1, 2019; "Monthly Program and Financial Data: State UI Program Data - US Totals," US Department of Labor, Employment and Training Administration.

54. One reason for the high potential cost is that the US currently spends comparatively less than most advanced economies on its training efforts and support for unemployed workers, ranking 29th out of 30 OECD countries measured in 2017 in terms of its public expenditures on labor markets as a share of GDP. See: "Public Spending on Labour Markets," OECD Employment and Labour Market Statistics.

55. Some workers may be able to step out of the workforce for a period of extended training while other workers will need to pursue skills that can be acquired in short, stackable bursts or while continuing to work. The needs of a late-career worker hoping to remain in the workforce for a few more years may differ from the needs of an early-career worker looking to transition out of a shrinking industry or occupation, which may differ from the needs of an adult who has already fallen out of the labor force completely.

56. Osterman (2019).

57. Benjamin Austin, Edward Glaeser, and Lawrence Summers, "Jobs for the Heartland: Place-Based Policies in 21st-Century America," Brookings Papers on Economic Activity, March 8, 2018.

58. David Neumark, "Rebuilding Communities Job Subsidies," Hamilton Project Policy Proposal 2018-13, September 2018; Scott Eastman and Nicole Kaeding, "Opportunity Zones: What We Know and What We Don't," Tax Foundation, January 8, 2019. For example, Eastman and Kaeding characterize the existing research on the impact of past place-based tax incentive programs as suggesting that such programs "fail to generate new employment often because subsidized firms replace nonsubsidized firms, or because firms simply shift their current business activities for tax purposes. Research also suggests the benefits of place-based incentives accrue primarily to landowners and higher-skilled mobile workers who can travel for employment, effectively displacing the low-income residents the programs are meant to help."

59. "Corporate Income Tax Reform in 2017?" CED, March 9, 2017; "A New Tax Framework: A Blueprint for Averting a Fiscal Crisis," CED, September 23, 2005.

60. Michael Archbold, Hollis Hart, and Joseph Minarik, "Smart Regulation: Changing Speed Bumps into Guardrails," CED, June 18, 2019.

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June 2020 Advisory Board Meeting Public Comment

RS

Rittling, Sarah <[redacted]>
Thu 6/25/2020 10:14 PM
To: AmericanWorkforcePolicyAdvisoryBoard

Workforce Policy Advisory Bo...
37 KB

Good Evening,
As this White House Workforce Advisory Board continues its efforts to promote education and training, and to better support the American workforce, we write to ask that you convene a working group or dedicate a future meeting on early learning and care, and consider the integral role that quality child care plays in the workforce of today—and tomorrow. In the near term, however, we request that the Board immediately weigh in on the overwhelming need to stabilize the child care industry, which is on the brink of collapse as a result of the COVID-19 pandemic.

Please do not hesitate to reach out at any point.

Many thanks,

Sarah

FIRST FIVE YEARS FUND

Sarah Rittling
Executive Director, First Five Years Fund
[redacted]
www.ffyf.org
1010 Vermont Ave. NW, Suite 1000, Washington, DC 20005

As Submitted to Federal Register

June 25, 2020

To the members of the White House American Workforce Policy Advisory Board:

As this Board continues its efforts to promote education and training, and to better support the American workforce, we write to ask that you convene a working group or dedicate a future meeting on early learning and care, and consider the integral role that quality child care plays in the workforce of today—and tomorrow. In the near term, however, we request that the Board immediately weigh in on the overwhelming need to stabilize the child care industry, which is on the brink of collapse as a result of the COVID-19 pandemic.

Child Care is Essential

We recognize the Workforce Policy Advisory Board has a very important task of ensuring America's education and job training bolsters our economy, and we posit that addressing the nation's child care challenges is integral to this mission.

If the U.S. is to be the best place in the world to conduct business, work, and raise a family, we must ensure that our workforce has access to quality early learning and care options for their children. According to a new study conducted by the U.S. Chamber of Commerce Foundation examining the impact of child care issues on working parents, business, and the state economies in Idaho, Iowa, Mississippi, and Pennsylvania, these four states alone each lose an average of $1 billion annually due to breakdowns in child care that result in working parents voluntarily leaving the workforce and postponing continuing educational opportunities. Meanwhile, more than half of Americans live in child care deserts—neighborhoods with 3 or more children for every 1 licensed child care space. What's more, extensive research shows that the benefits of quality early learning extend far beyond better job stability and overall economic security for parents. Children who receive a high-quality early childhood education are more likely to graduate from high school and college, earn higher wages, and live healthier lives. These opportunities can also help break the cycle of poverty, according to research from Nobel Laureate James Heckman, which found that the effects of high-quality early childhood education not only improved outcomes for program participants, but also for the children of participants, who also had positive education, employment, and health outcomes.

Without question, economic development starts with early childhood development—and the best investment we can make as a society is to ensure all children and families have access to high-quality child care. Early learning and care offers a clear opportunity for this Board, and each of your individual organizations or businesses, to bolster the American workforce in the short- and long-term—helping parents work or continue their education while their children build strong foundations for the future.

Child Care Relief and Recovery

Child care is an essential pillar of the American economy--no sector can thrive if the child care industry fails. Unfortunately, the nationwide Coronavirus crisis has hit the child care industry especially hard, causing widespread layoffs and closures as a result of catastrophic drops in enrollment. Extended closures during this time could put a substantial percentage of them out of business permanently, exacerbating the existing realities of child care deserts. Child care closures will hit families of color, rural areas, and low-income neighborhoods especially hard, as these communities already had an undersupply of quality, affordable child care. At the same time, over the coming weeks and months, a majority of the nation’s child care businesses will be forced to operate in the red, given the increases in their operating expenses associated with new and important health and safety measures paired with ongoing decreased enrollment. For businesses that typically operate with less than a 1 percent profit margin, the devastating impact of these inevitable financial realities cannot be sustained without direct federal investments that ensure child care providers, both center-based and home-based, can keep their doors open to meet the needs of children and families. As our country moves through the various phases of recovery and reopening the economy, no industry will be able to restart if the child care industry collapses and a big portion of the labor force no longer has access to the reliable, high-quality child care they depend on to be able to go to work.

The reality will be dire if dedicated federal support is not directed at stabilizing the child care industry by:

- Guaranteeing providers have the security needed to provide safe, high quality early care and education for the children attending their programs – particularly children of first responders, health care workers, and other essential personnel. This includes financial support to compensate for revenue loss, protective equipment, sanitation supplies, and premium pay.
- Ensuring that the child care industry has resources to survive the pandemic and support economic recovery, including direct grants, that will allow them to pay staff, cover fixed costs, reopen safely, and sustain their businesses as families return to work over an extended period of time.
- Building safeguards that promote the health and safety of children in care while accounting for the ongoing challenges that stem from a climate of uncertainty and instability in the child care market, as well as the economy at large, and resource the services and supports that make up the child care system as a whole.

Our nation’s long-term well-being depends on a child care infrastructure that works for every family. An abundance of quality, affordable, child care is fundamental to our economic recovery from the pandemic and beyond. As you move forward with the Workforce Policy Advisory Board, we again ask that you dedicate a future meeting of this Board to the issue. We would be happy to share more information on the benefits of early learning and care and how comprehensive, bipartisan solutions can ensure a better future for America's economy and our children.

Sincerely,

Bank Street College
Bipartisan Policy Center
Child Care Relief of America
Council for a Strong America
Early Care and Education Consortium
First Five Years Fund
KinderCare Learning Centers
National Association for the Education of Young Children
Ounce of Prevention Fund

CC:

Ivanka Trump: Advisor to the President, White House (co-chair)
Wilbur Ross: Secretary, U.S. Department of Commerce (co-chair)
Jay Box: President, Kentucky Community and Technical College System
Walter Bumphus: President & CEO, American Association of Community Colleges
Jim Clark: CEO, Boys & Girls Clubs of America
Tim Cook: CEO, Apple
Tom Donohue: CEO, US Chamber of Commerce
Marillyn Hewson: CEO, Lockheed Martin
Eric Holcomb: Governor, Indiana
Barbara Humpton: CEO, Siemens USA
Al Kelly: Chairman and CEO, Visa
Vi Lyles: Mayor, Charlotte North Carolina
Sean McGarvey: President, North America's Building and Trades Unions
Doug McMillon: President and CEO, Walmart
Craig Menear: Chairman & CEO, Home Depot
Michael Piwowar: Executive Director, Milken Institute
Scott Pulsipher: President, Western Governors University
Kim Reynolds: Governor, Iowa
Ginni Rometty: Executive Chairman, IBM
Scott Sanders: Executive Director, National Association of State Workforce Agencies
Julie Sweet: CEO, Accenture
Johnny C. Taylor, Jr.: President & CEO, SHRM - Society for Human Resource Management
Sebastian Thrun: Founder, President, and Executive Chairman, Udacity
Jay Timmons: CEO, National Association of Manufacturers
Sheree Utash: President, WSU Tech
Marianne Wanamaker: Professor, University of Tennessee
Johnny C. Taylor, Jr.: President & CEO, SHRM - Society for Human Resource Management
Sebastian Thrun: Founder, President, and Executive Chairman, Udacity

Jay Timmons: CEO, National Association of Manufacturers
Sheree Utash: President, WSU Tech
Marianne Wanamaker: Professor, University of Tennessee

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Question and Idea for the Workforce Policy Board to consider

MD

Mark Douglas [redacted] >

Fri 6/26/2020 2:09 PM

To: Montes, Sabrina

Cc: AmericanWorkforcePolicyAdvisoryBoard; [redacted]

workforce policy board questi... 114 KB

Project Astra 15 for the 15.docx 35 KB

2 attachments (149 KB) Download all

Hello Sabrina,

I am emailing you about my plan on ending poverty. Imagine how many more private investors will take advantage of the opportunity zone tax credit if we are also investing federal infrastructure dollars into those same disenfranchised communities.

I have a great deal of experience with Infrastructure projects as my company is now monitoring the workforce of over 1 million workers on 100's of large construction projects nationally, many of them in opportunity zones.

I have attached a simple idea and question I would like to Policy board to consider the merits of. Also I have included a backup document on my plan which I call Project Astra.

Mark Douglas

President CEO

[redacted]

LCPtracker

LCPtracker

INVEST IN OPPORTUNITY ZONES WITH INFRASTURTURE SPENDING

June 26, 2020

I believe poverty is the main issue that if solved will solve the job problem. Today 15 percent of Americans live in poverty

Will you consider this idea?

1. Pass federal legislation that requires 15% all current federal infrastructure spending to be dedicated to the Opportunity Zones in America.
2. Require any State and Local Spending initiatives that receive any federal matching funds are also are required to dedicate 15% of their local funds to opportunity Zones.

I call this   15 for the 15 ----

Imagine how many more private investors will take advantage of the opportunity zone tax credit if we are also investing substantially federal infrastructure dollars into those same disenfranchised communities.

It is time we invested in Americans--- who deserve the same economic opportunities---- that the rest of America has----

Mark S Douglas
CEO LCPtracker

Project Astra

15 for the 15

Our Vision

Eliminate all Poverty in the USA by 2040

How:

1. Pass federal legislation that requires 15% of all federal infrastructure spending to be dedicated to opportunity zone development in America.

2. Require State and local governments that elect to receive federal funds also commit 15% of their local funds to opportunity zones locally.

Why:

In America today, 13.9% of the population lives in poverty.[1] Considering we're the richest country in the world, the fact that practically 14% of our populace lives in poverty is completely unacceptable. The fundamental promise of the United States of America is the right to life, liberty, and the pursuit of happiness; how can we deliver on the promise when 46 million Americans are living in poverty?

Local communities across America are utilizing infrastructure projects to revitalize their poor communities, which are primarily located in opportunity zones. My company, LCPtracker, has had the privilege of monitoring the success of these programs over the last decade. These communities are leveraging technology to track hiring trends and target groups of individuals in the direst need of careers: minorities, veterans, the homeless, the formerly incarcerated, those with no GED, and teens that have "aged out" of foster care. These local programs have hired over 100,000 of these categories of workers from opportunity zones in the past 3 years. This experience birthed our vision to end poverty, and that vision brought about Project Astra. Our mission is to create a national commitment to invest 15% of all federal infrastructure spending into these disadvantage communities in order to promote their economic rebirth. We can take the lessons learned by these the local initiatives and implement them on a national scale, which will eliminate poverty altogether.

The Plan:

The Project Astra plan is **"15 for the 15"** which means investing 15% of our infrastructure spending for the bottom-15% of earners in America. Adding infrastructure spending to opportunity zones will also rapidly drive more private investors into the opportunity zones bringing economic growth for the local citizens.

---

[1] Center for Poverty Research, *What is the current poverty rate in the United States?,* University of California, Davis, (2018).

In 2018 alone, the Federal Government invested $492 billion[2] into infrastructure. 15% represents $73.8 billion in annual investment for opportunity zones. Project Astra's plan would require State and local agencies, should they elect to receive federal funds, to also commit 15% annually to infrastructure investment in their opportunity zones.

Considering that we have spent at least $6.4 trillion[3] on wars in the middle east over the last 20 years, spending $2 trillion on poor American communities in the next 20 years is not only something feasible, but it is something that will yield a great return on investment.

Return on Investment:

The ROI America will receive has numerous social and economic benefits. Here are three major benefits:

1. Reduced Welfare by 75%

113 Million American receive some type of government assistance today and are thus receiving considerably more than they're paying in taxes[4]. $1.16 Trillion is projected to be spent on Welfare in fiscal year 2020 – in 20 years we estimate reduction of the Welfare rolls by 75 Million Americans.[5] This would reduce welfare outlays annually to $400 Billion. The outcome:

<u>Saving $1 Trillion annually</u>

2. Create 75 Million new taxpayers

These same 75 Million American are now tax paying citizens - all making an average salary of $60,000 in twenty years. Average Federal, State and Local taxes paid 30% or $20,000 equaling:

<u>$150 Billion annually collected in taxes</u>

3. Reduce Incarceration rates by 50%

America holds the top spot for all developed Countries in the world with the highest incarceration rates. We have over 2.2 million.[6] incarcerated at a cost of close to $83,000 annually/person or $182 billion total annually[7] A 50% reduction of incarcerated Americans would equate a saving of $91 billion annually. The result:

<u>By 2040 the return to the taxpayers is over $1.250 Trillion annually</u>

---

[2] Congressional Budget Office, *Federal Investment, 1962 to 2018*, (2019).
[3] Crawford, Neta, *United States Budgetary Costa and Obligations of Post-9/11 Wars through FY 2020: $6.4 Trillion.* (2019).
[4] Amadeo, Kimberly, *US Welfare Programs, the Myths Versus the Facts*, the balance, (2020).
[5] Chantrill, Christopher, *US Spending*, usgovernmentspending.com, (2020).
[6] Kann, Drew, *5 facts behind America's high incarceration rate*, (2019).
[7] Equal Justice Initiative, *Mass Incarceration Costs $182 Billion Every Year, Without Adding Much to Public Safety*, (2017)

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Technical Education

MM

Madden, Mike [redacted]>

Thu 7/16/2020 4:21 PM

To: AmericanWorkforcePolicyAdvisoryBoard

Dear American Workforce Policy Advisory Board,

I am contacting you about a dire situation that is developing in Orthotic & Prosthetic (O&P) technical education. I became aware of the O&P profession as a young child after an amputation resultant of a metastasizing tumor. In 1981 I made the decision to enter the profession attending an O&P technical program. I eventually became a certified O&P practitioner, a business owner, and have taught in an O&P technical program for the last ten years. This latter position is what prompts me to write to you.

The O&P technician plays a critical role in the provision of O&P care. They are responsible for the fabrication of the O&P devices patients receive. The Masters of Science in Orthotics and Prosthetics (MSOP) degree focuses on clinical education providing a minimal amount of technical education. The technical programs focus on those specialized skills. The aforementioned dire situation I referenced is the inadequate funding of these technical programs, they are struggling to survive. These are two year technical degrees, and certificate programs that provide an entry way into a career. Baker Community College in Michigan was forced to shutter in 2018. Now, Oklahoma State University Institute of Technology (OSUIT) where I teach is being forced to consider closing its O&P technical program due to the same lack of funding for the program. As the O&P profession adds more MSOP programs and graduate more clinical professionals, the technical programs are being forced to close their doors which puts fewer technicians into the workplace. I'm sure you easily recognize how this will be problematic on many levels. The most important is that it has the potential to affect the ability of patients, including veterans, to receive adequate and timely care.

My request is simple. I am asking your assistance helping identify the appropriate people, or agencies, that might assist O&P technical education find appropriate funding through available government resources. It is my understanding that you have been working to promote just these types of jobs. This type of technical education would also fit well with initiatives focused on the inclusion of veterans, women, and minorities within the workplace. It is my understanding that you and the American Workforce Policy Advisory Board have been working to promote just these types of jobs. Anything you can do to help would be greatly appreciated.

Sincerely,

Mike

Michael P. Madden, CPO, LPO, FAAOP
Faculty
Oklahoma State University Institute of Technology
School of Arts, Sciences & Health
Orthotic & Prosthetic Technologies Program
1801 East 4th Street Okmulgee OK 74447
[redacted]

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Public Comment

HB

Hannah Burke [redacted]
Mon 7/27/2020 4:53 PM
To: AmericanWorkforcePolicyAdvisoryBoard

Laffer Associates - Labor Mar...
168 KB

Hello,

Please find attached an economic impact study written by Dr. Arthur Laffer of Laffer Associates about the labor market efficiencies to be found in the digitization of all workforce credentials.

We and Dr. Laffer would be glad to provide additional briefing to the Advisory Board as desired.

Thank you,

Hannah

--
Hannah Burke
Vice President, Government
[redacted] | www.merits.com
[redacted]

LAFFER ASSOCIATES
ECONOMIC RESEARCH & CONSULTING

The economic downturn precipitated by the COVID-19 pandemic has caused nearly unprecedented disruptions in the global economy, most notably in labor markets. The U.S. unemployment rate has already hit 14.75%, and over 23 million Americans find themselves unemployed.[1] Over 40 million initial claims for unemployment benefits have been filed from the period of March 15, 2020 to May 23, 2020.[2] To put this in perspective, only 2.2 million Americans filed initial claims over the corresponding period in 2019.

An unusual characteristic of the current economic predicament is that the real economy was structurally healthy at the onset of this pandemic-induced downturn. Real U.S. gross domestic product grew at a rate of 2.3% from 2018 to 2019, and nonfarm payroll employment growth averaged 178,000 jobs created per month in 2019 and 222,000 jobs per month in January and February 2020. The unemployment rate averaged 3.66% in 2019—the lowest annual average since the late 1960s—and, importantly, an average employment-to-population ratio of 60.8% in 2019.[3,4] The current employment-to-population ratio is a mere 51.3% in the wake of the current pandemic.

Swift action for getting Americans back to work is essential for the prosperity of our nation. Now more than ever, market innovation is the answer to this crisis, although there is a role for government to play in the recovery. The question that must be asked is this: How can we substitute private sector resources for public assistance and services? The answer is to compress the amount of time it takes to get a job. Government officials at all levels should boost efficiency in labor markets by facilitating and encouraging the use of interoperable learning records (ILRs) as a method of revitalizing the labor market. ILRs are systems that contain an individual's credentials, including but not limited to educational background, employment history, training history and certifications held. ILRs provide users with a method of instant verification of these credentials, which promotes efficiency and has the potential to reduce significantly the amount of time it takes to fill employment vacancies.

[1] These figures are as of May 8, 2020 and are taken from the Bureau of Labor Statistics (BLS) Household Survey conducted in mid-April 2020. The true figures are likely much larger.
[2] U.S. Employment and Training Administration.
[3] Bureau of Economic Analysis (BEA) and BLS.
[4] The employment-to-population ratio is useful because it measures employed people as a share of the total working-age population. This metric encapsulates labor force participation (i.e. what share of working-age individuals are interested in working) in a way that the unemployment rate does not. The unemployment rate captures only the share of unemployed labor force participants who are actively looking for work and does not capture the share of workers who become discouraged and drop out of the labor force altogether, a phenomenon that was widespread during the Great Recession. For this reason, the employment-to-population ratio is a more comprehensive measure of labor market health.

Generally, government policy responses to the pandemic, specifically the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and other actions taken at the state and local levels, have been dramatic and unprecedented in both size and speed.[5] Government regulations have mandated that many businesses close or operate at reduced capacity. At the same time, millions of Americans are out of work and relying on government assistance programs, financially pressuring all levels of government. In some ways, the government policy response has not been positive for labor markets, as there is an interchange between providing what is intended to be short-term assistance to people in need and the creation of incentive structures that disincentivize both companies to hire and would-be employees to offer their services to companies. Federal lawmakers and the President's administration have the ability to set policy priorities to enhance efficiency in placing workers into employment positions. State and local decision makers similarly can take steps to boost incentives for hiring and working while also hastening the lag time between losing a job and finding a new opportunity.

On May 19, 2020, the American Workforce Policy Advisory Board (AWPAB) released a "National Workforce Recovery Call-to-Action" outlining potential steps to curb the damage done by the pandemic to the American economy.[6] The document identifies an "urgency to act" as effects of the coronavirus on our economy linger and worsen each and every day. The AWPAB recommends that a shared, coordinated, and sustained effort by business, labor, education, and other related parties is of the upmost importance in order to combat this threat to American economic health.

One specific action endorsed by the AWPAB is a "digital open skills system for American workers and students…[that] will align the skills and competencies needed to effectively connect education-to-work…[and] guide learners and workers to available opportunities." In a similar vein, the group notes, "Federal, state, and local governments *must* unleash innovation by eliminating unnecessary regulations which impair workforce economic and geographic mobility."

The crux of the call-to-action by the AWPAB lies within addressing inefficiencies related to labor market dynamics. Economic inefficiencies in the labor market often arise due to a lack of information between consumers and suppliers of labor. This concept is known in the lexicon of economics as a market failure due to asymmetric information. These inefficiencies in the marketplace culminate in a net loss of economic value and, ultimately, less economic prosperity for all Americans.

[5] U.S. Department of the Treasury, "The CARES Act Works for All Americans." https://home.treasury.gov/policy-issues/cares
[6] American Workforce Policy Advisory Board, "Investing in American Workers to Expedite Economic Recovery," May 2020. https://www.commerce.gov/sites/default/files/2020-05/AWPABCalltoActionFINAL051520.pdf

The effects of market failures within the labor market can be shown with a simple example and can be extrapolated to various degrees throughout the economy. Consider a plumber that recently moved to a different region of the U.S. and is looking for work. The plumber could search through classified ads in the newspaper, browse websites like Indeed or Monster, or even use word-of-mouth discovery in the job search.

While each method presents its own unique costs and benefits, one thing is clear: there are serious and costly delays between workers leaving jobs—whether voluntarily or otherwise—and finding the next opportunity. A major component of these delays is a lack of quick and seamless verification of credentials, licenses, previous employment history, and reference and background checks. The Society of Human Resource Management estimates that, on average, it costs $4,129 and 42 days for employers to fill positions.[7] Actions that can be taken to reduce this cost and lag time would serve as a win-win for both employees and employers.

No matter how you slice it, employers need to vet potential employees to verify if they are who they say they are, have the appropriate job experience/qualifications, and are well suited for the job. These necessary steps take time, which is unproductive and inefficient in terms of the business's operations. On the flip side, the time a potential employee spends waiting on the various verification checks is also an unproductive use of their time. Consider three direct complications that may arise from the plumber example:

- One, the company employing plumbers is unable to operate optimally while they wait for the verification process to be satisfied. During this time, the company will likely forgo revenue from decreased operations.
- Two, the potential employee, the plumber, is unable to work in the field of his/her trade and therefore must forgo wages until the verification process is complete. Of course, the plumber may decide to work odd jobs to make ends meet in the meantime, but this is a misallocation of human capital and is not an optimal use of time for the plumber.
- Three, consumers of plumbing services find there are fewer suppliers to meet their demand. This, in effect, is a leftward shift of the supply curve, which will result in fewer services supplied and a higher market-clearing price.
- Indirect complications are also presented: There are lower levels of economic activity due to the employment verification process, which therefore suppresses tax revenue receipts. The business potentially employing the plumber will pay less in corporate income tax, the plumber will pay less in personal income tax, and sales tax revenue will decrease due to fewer services performed. On top of it all, the plumber will likely utilize temporary

[7] Society of Human Resource Management, "2016 Human Capital Benchmarking Survey." https://www.shrm.org/about-shrm/press-room/press-releases/Pages/Human-Capital-Benchmarking-Report.aspx

government assistance programs during the time between jobs, drawing unemployment insurance, which weighs on government finances.

There are many other benefits to be realized through labor market efficiency initiatives including, but not limited to:

- Increased labor mobility in the system and therefore more empowered/leveraged workers: If workers are better positioned to find a job analogous to one they currently hold, the worker has more bargaining power with their current employer. More bargaining power for the worker leads to higher real wages and therefore a better quality of life relative to what they would otherwise have.
- Increased information for suppliers and consumers of labor: Suppliers of labor will have a better idea of what skillsets are in demand. Consumers of labor will be better able to identify more desirable candidates based on certified credentials. As an additional bonus, researchers will have more insight into the labor market through the data that may become available through an ILR platform.

The pitfalls of labor market inefficiencies are numerous and consequential. The benefits of proactively addressing these market failures are paramount in the evolution and expansion of our economy, and, with the current pandemic-induced downturn and associated government policy response, the costs are greater than ever.

Implementing a nationwide ILR platform that instantly verifies worker credentials has the potential to shorten significantly the 42-day average time for employers to fill a position. In our current technological and labor environments, employers must independently verify a potential employee's educational background and work history, perform a background check, contact personal and professional references, verify certifications, professional qualifications and test scores, and so on. Each of these actions imposes both a financial and opportunity cost burden on businesses, and these costs are often incurred multiple times throughout a hiring search. These costs are effectively eliminated through the instantaneous verification provided by ILRs, contributing to a reduction in both the 42-day average time per hire and the $4,129 average cost per hire.

In today's coronavirus-induced economic environment, we estimate a theoretical fully-streamlined digital credentialing program could present an impact of up to $437.6 billion for the U.S. economy.

This $437.6 billion impact can be broken down into two component parts—a $343.2 billion impact as our economy recovers from the virus and returns to its historically normal employment and output levels, as well as a $94.4 billion baseline impact that estimates the theoretical impact of a fully realized—i.e. instant—program to immediately find opportunities for workers displaced from their jobs.

Implementing a nationwide, streamlined digital credentialing program has the potential to completely transform the future of U.S. labor markets. Present day job search and employment processes will be rendered obsolete by the advent of ILRs, and labor markets will benefit from the increased efficiency provided by these systems. The $437.6 billion economic impact provided by fully integrated ILRs will benefit both employers and employees across the nation, increasing prosperity and boosting economic output.

Critics may object and point to jobs that will become obsolete with the implementation of a streamlined digital credentialing program via ILRs. While it is true that ILRs reduce the need for services like staffing agencies, we would welcome what economist Joseph Schumpeter called “creative destruction” if it means enormous benefits to work, output and U.S. production on the whole.

ILRs are a game changer that will propel the U.S. into greater prosperity than ever experienced. For the U.S. to take full advantage of ILRs and their accompanying benefits, a majority of businesses and workers must adopt the use of ILRs—the larger the user base, the greater the economic impact. We recommend the American society embrace the “call-to-action” from the AWPAB for the betterment of our country, because the only thing that is truly scarce is time.

Laffer Associates

Laffer Associates is the culmination of a lifetime's worth of rigorous institutional and academic economic research by the firm's founder and chairman, Dr. Arthur B. Laffer. For over four decades, the Laffer Associates team has developed original works and proprietary models that analyze and forecast how economics affects the real world. Laffer Associates provides research and consulting services to a wide range of corporate and money management clients and plays an active role in educating and advising government policymakers about economics. The firm is based in Nashville, Tennessee.

Dr. Arthur B. Laffer

Arthur B. Laffer is the founder and chairman of Laffer Associates. Dr. Laffer's influence in triggering a worldwide tax-cutting movement in the 1980s has earned him the distinction in many publications as "The Father of Supply-Side Economics."

Dr. Laffer was a member of President Reagan's Economic Policy Advisory Board for both of his two terms (1981-1989) and was a founding member of the Reagan Executive Advisory Committee for the presidential race of 1980. He also advised Prime Minister Margaret Thatcher on fiscal policy in the UK during the 1980s.

Dr. Laffer currently sits on the board of directors or board of advisors of a number of private and public companies and has authored numerous books, including *An Inquiry into the Nature and Causes of the Wealth of States* (Wiley 2014) and, most recently, *Trumponomics: Inside the America First Plan to Revive Our Economy* (All Points Books 2018).

In 2019, Dr. Laffer was awarded the Presidential Medal of Freedom by President Donald Trump.