

THE BROOKINGS INSTITUTION

WEBINAR

RETHINKING WORKFORCE DEVELOPMENT:
POLICIES TO PROTECT WORKERS AND FAMILIES

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Welcoming Remarks:

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Research Presentation:

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Roundtable Discussion:

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P R O C E E D I N G S

MS. EDELBERG: Hello. I'm Wendy Edelberg, director of the Hamilton Project. We are very pleased to have you here for our event, "Rethinking Workforce Development: Policies to Protect Workers and Families." You'd think I would have memorized that title. This is the first in a series of events that we will have over the course of the spring ambitiously trying to rethink and reimagine the social insurance system.

Of course, it's not a new thing to be thinking about how to improve the social insurance system. And in fact, all of the people participating in today's event have been thinking about just that issue for a very long time. But the events over the last year with the COVID-19 recession have made it that much more urgent that we've seen the issues with our current social insurance system and we can see better ways forward.

And so this event begins that series. We are very excited about it. We will start with a fireside chat between Jason Furman and Penny Pritzker. Penny Pritzker is founder and chairman of PSP Partners and she was at U.S. Secretary of Commerce under President Obama. Jason Furman is a professor of practice of economic policy at Harvard and he was chairman of the Council of Economic Advisers under President Obama. We're very thrilled to hear the discussion.

After them we will have a short presentation by the Hamilton Project's very own policy director, Christian Brody, you will describe how automation is expected to continue to remake the labor market over the next decades. And then finally, we will have a roundtable discussion among a bunch of excellent experts. And we are very excited to hear their views. And we will also discuss the policy proposal that we will release today by Harry Holzer of "Rethinking the Workforce Development System."

Let me just give you a few housekeeping details. We will be live tweeting @HamiltonProj using #WorkforceGov. If you have any questions, we will be monitoring Twitter and we will also be monitoring our email. You can email us at info@HamiltonProject.org.

And with that, I am very, very happy to turn things over to Jason and Penny.

MR. FURMAN: Well Penny, it's great to be sitting right next to a fireside chatting with you

in this very intimate setting here on Zoom.

We are right now about 12 million jobs short of the trend that we were on prior to the pandemic. Those are 12 million people without jobs. They had perfectly adequate skills to be in jobs before. They didn't lose their jobs because of lack of training or lack of skills. They lost their jobs because of a pandemic and a recession it caused. I think we both agree that the most important thing to get them back into the jobs also isn't training. It's vaccines to control the pandemic. It's insuring the sufficient demand so that as things reopen, people go back to their jobs. But as we go back better, I think we also do want to be thinking about training. So I guess Penny, my first question I wanted to ask you is, now the right time to even be talking about training? People get so upset when they hear the words skills gap. Do we need to wait until things get better? Or should we actually be -- should the president be focused on this right now?

MS. PRITZKER: Well, Jason, first of all, it's great to see you and it's a real pleasure to be here for the Hamilton Project. Absolutely now is the time to focus on this issue because before the pandemic we had too many Americans that were struggling with disruption and the pandemic has only accelerated employers move towards displacing workers with technology and automation. In fact, 43% of businesses now anticipate reducing their workforce due to technology. So I think that if you take the twin impact of the pandemic which you talked about, as well as automation in particular, it's really having a serious impact particularly on our most vulnerable workers.

Black and Brown workers have borne the brunt of the impact so far. And we have huge unemployment among young Black men, 25.5%, and young Black -- young Brown women, 19.7%. So there is a long-term challenge that we have to face.

And you know, you've heard me talk about this for over a decade. This is an area of passion that -- and I think the pandemic has only forced adoption of technology quicker. So we've got to, as a government, devote more resources, more of our GDP to making sure that our workers are prepared for the environment, the work environment of today and of the future. It's only going to become more so a challenge. We spent .1% of GDP in our country, the lowest -- I mean, I think lower than only two other

OECD countries, Mexico and Chile spend less. And less than half of what we spent 30 years ago on workforce training.

And I know that we very much value higher education in this country. We spend about \$75 billion a year, but only \$18 billion a year on making sure that our workers have the training that they need. It doesn't make sense. As Richard Haas, our mutual friend at the Council on Foreign Relations has said, it used to be when you and I were going to school you could fill up your gas tank with -- or intellectual gas tank with education at the beginning of your career and then basically run your career on that one tank of gas. That is not possible anymore. You've got to continue to acquire additional skills, particularly in this very dynamic era. And the administration understands that.

The rescue bill, the American Rescue Plan is really, really essential to get the economy going again and to get us, as you said, most important that we get everyone vaccinated and we get over this hump and we help people who are struggling. But we can't just help them short-term. We have to help them long-term be on a path to continually be employed. So I very much predict there will be a second bill that will have much more focus on robust, longer-term economic growth. And training needs to be a part of that. We have to invest in our people.

MR. FURMAN: And Penny, what would be your priorities for that? And are there things that you have done and seen on the ground personally in Chicago and the like, that you think are sort of ready for prime time? Ready for scaling? They just need some federal money to really get them going?

MS. PRITZKER: While the first thing you know, Jason, that I know from my own experience, is that training needs to be demand driven. What do we mean by demand driven? Demand driven means that you got the employers locally need to say, here's the skill sets that we are missing. And the community colleges and the university need to train towards those jobs so that the scaling is what I call employability scaling, not rescaling or upscaling. But it's towards good jobs. So that's the first thing that I know.

And one of the biggest challenges for example we face in Chicago around that, is the fact that what is the -- as we say in government, what is the mechanism for a community college or university

to understand? What's the infrastructure to understand what is the demand? We've had to create that in Chicago. We created an organization called P33. And it actually brings employers together, the chief human resources officers together, and says here are our major gaps. Here's what we need. And then they are working with the community colleges and the university's to provide employees that have the appropriate training at scale. And at scale is a big challenge.

So we are working on -- and to get the scale means that you also need the support of governors and mayors. It's hard for any one university or one employer to do this. You've got to bring folks together.

What I've seen is that you need -- in Chicago, our experience is, you know, we set up the first of its kind, what we call Tech Talent Lab at a subsidiary of the University of Illinois called Discovery Partners Institute where they're fundamentally bringing the engineering training of the University of Illinois engineering school which sits in Champaign, we're bringing particularly needed courses into Chicago. And our goal is to train -- we are working towards being able -- with the high schools and the community colleges to train 7,000 people a year, annually, towards jobs that actually exist. Our goal is to have half of those people, over 3000, be women, Blacks, and Hispanics.

So building a system at scale is really hard. I don't know that it's been done. But that's the aspiration that needs to happen locally because the solutions are place base. They need to happen locally. But we need national support for this as well.

And there are two major efforts that we've seen that are anchoring this Tech Talent Lab at the Discovery Partners Institute. One is a high school to career pathway program which includes not only instruction for high demand jobs, but also includes coding, and internships, and mentorships, and additional guidance counseling and a sort of last mile financial aid. So you can imagine that's a lot to bring together. The second is to do upscaling of existing employees. So to work with the employers to say, okay how do we give your employees training? How can we partner with you to make sure that your employees are getting the training that they need?

It's hugely complicated. It requires a lot of coordination. But without a targeted effort

locally, it won't happen. It doesn't just come together. And so those are some of the lessons that I've learned.

And the thing I know, Jason, is business is essential to this. You've got to understand from businesses what are their demands. But I would love to know from you; you've researched this area. What do you see as the most effective workforce solutions?

MR. FURMAN: All right. Well, we have a lot of the best researchers coming up after this whose are the ones I always listen to. But Penny, I agree with you that I worry there is going to be a lot of reallocation coming out of COVID, that some jobs will disappear, other opportunities will open up. In the last recession, some people used skills gap as an excuse to not do enough to support jobs and aggregate demand. I think that's really unfortunate, but I don't think that's what we are talking about here. The American Rescue Plan is already \$1.9 trillion to support demand. We're talking about, as you said, a longer-term building back better. So I think this is sort of a both/and not an either/or.

In terms of specifics, I think the challenge one has to navigate is this different types of populations one cares about. You've emphasized, I think, a lot disadvantaged workers in your comments; Black, Hispanic, and the like. I think that's a really important area. I think by the community college; I don't know if you count that as training or town that as higher education when you are talking. But that's an area that we did some small investments in the Obama administration. I think the evidence is very, very strong.

There is the dislocated workers, which in some ways is a harder population to reach especially at older ages. My reading of the literature is that programs there have a mixed track record, which is to say, some of them have ended up working, some of them haven't. I don't -- I'm not positive if we know enough yet to know quite which ones are which. So I do think that including a strong evaluation component in whatever we do continues to be especially important in this area.

If you want to give people a check, that's worth evaluating. Larry Katz has evaluated that in New York. But sometimes you give someone a check, you know they are going to get money. These programs only work to the extent people get jobs and get jobs at higher wages.

The last thing I would say, is I think in addition to money there is a regulatory part all of this, things like the for-profit educational sector. There's a lot of really problematic programs there, a lot of things taking advantage of people. That was something in the Obama administration we brought more regulations, and they got rid of those in the Trump administration. I hope some of those come back so that you are sort of targeting the bad apple side.

But what -- if you were advising, and you probably are advising on build back better, what would be specifically that you would recommend that President Biden prioritize in that? I think he will hopefully have a lot of room to do a lot of things, but he will need to prioritize and know what to do.

MS. PRITZKER: So Jason, let me get to your question in one second. On the dislocated worker, we started -- I started with a woman named Marie Lynch, a program called Skills for Chicagoland's Future that actually Gina Raimondo as governor in Rhode Island adopted. And she will be our next commerce secretary assuming it all goes well. And they match current and unmet hiring needs with qualified, particularly long-term unemployed. So the dislocated worker, if you will.

And this program has placed over 6,500 jobseekers working with 100 employers. Now again, the challenge here is you really need to connect the dots between employers and what they need and then you have to work with the social service organizations to understand where those folks are. That's a kind of infrastructure or mechanism, what would you want to use, we don't have enough of in our country I think.

In terms of specific recommendations to the Biden administration, I would say the following. First of all, the administration has not laid out specific plans at this point except to throw out a number of about \$50 billion to spend on worker training. I would say this is a unique moment and I would go bigger. And you know me Jason, I'm not one for always going bigger. You and I have had those debates at times. But this is a moment I would go bigger and have more inclusive scaling. And I would do -- I would make it such a priority. I would put the vice president in charge of this and have the secretary of commerce and the secretary of labor support that effort.

I think some of the other things to do are, as we talked about demand driven programs

engaged with both our community colleges. And I think the community colleges are a huge source of training and parts of higher education, if you will. They play an incredible role. And the governors have a role to play in terms of working with employers throughout their states, and mayors within the major cities, to say, with the workers, what do you need. I can help organize that with the community colleges.

I do think we should establish worker training tax credits and I think, you know look, we have an R&D tax credit. Why shouldn't I get a tax credit for investing in our people. More and more the modality for getting things done is through people, not necessarily just through capital expenditures. And so I think we should make that a priority.

I would create lifelong learning accounts of some sort, make Pell Grants more flexible, and really develop a program for displaced workers. The TAA program as you and I have talked about over the years, it is absolutely insufficient.

And then, I think a couple of other things I would do, I would make sure the data collection is part of the initiative. We need to understand more about training and the impact on wages and employment and get more information so that you and your colleagues and the folks on this panel can analyze and tell us what's working and what's not working.

Then, I think that -- again, I will just keep emphasizing that the private sector needs to be a partner in this effort, because ultimately, most of the employment is through the private sector. I think that -- I think there is a political challenge I do want to talk about, which is we've somehow made it easy to understand that we need to invest in infrastructure and there seems to be bipartisan support for investing in roads and bridges and in the digital backbone and broadband and things like that. But I don't think we've really done a good job of explaining the benefit of investing in our workforce. I think that to build up the kind of bipartisan support that exists I think for, let's call it infrastructure spending.

And so I think there is work to be done by the administration, and others such as yourself, in this effort to really talk about what is the benefit to our society. How will we remain competitive? Why is competitiveness about our people, not just about our companies? How does the benefit inure to the individual, not just the corporation? And so I think there is work to be done in terms of laying that out in a

way where people, both in Congress, but the general population understand the importance of that.

MR. FURMAN: Yeah. And one thing just to underscore that I think might have been implicit in what you said about TAA, which is that – and I think, it's unanimity among policy people on this. It just doesn't make any sense at the training program you get is based on the reason you lost your job. If you lost your job, you don't care whether it's because of trade, technology, the incompetence of your boss, or something else. And so having some type of greater universality of programs that doesn't ask why you lost it that does last for a lifetime. And I --

MS. PRITZKER: And you are exactly right, Jason, that why you lost your job is sort of semi-relevant. And it should be about what jobs are open.

MR. FURMAN: Yeah. So we are getting one question from the audience about apprenticeships and the opportunity for scaling those. So curious what your own experience and observation and that is and again what's the role of the federal government?

MS. PRITZKER: One look, scaling is I think the big challenge. I think this been a lot of experimentation that's gone on. And what we shown is that apprenticeships work. And so my own experience in Chicago is we help stand up with Aeon and Accenture, something called Apprenticeship 2020. And it's really an effort that brings companies together to collaborate with the community college system. So to take young people out of our community colleges system and put them into apprenticeships and per year right now we got about 45 companies and we are doing just short of 400 apprenticeships a year. The goal is to get to the thousands.

And what's really important to get that done is not just the cooperation of the community colleges in terms of the kind of training and education that's being provided, but most important is the recognition by the corporations that this is absolutely a new opportunity for recruiting. And what's -- if you want to get somebody, hear somebody, a CEO who is so enthusiastic about this, talk to Greg Case from Aeon or talk to Julie Sweet from Accenture. They get that this is working for them as employers as a new source of great talent and often diverse talent as well. So this is a program where employers have come together and it really, really works.

MR. FURMAN: Great. And do you -- I mean, you mentioned those employers by the way, getting back to the bipartisan consensus, making this like infrastructure. How much is the business community pushing this, first of all? And second of all, when they push good things I'm happy. But should we be nervous that any aspect of this is trying to get the government to pay for something that they themselves should do? Demand-side training says tailor it more for the local business. Why isn't the local business doing that? How do you answer those types of questions?

MS. PRITZKER: My experience of this is often as a partnership and that the corporation is putting up a certain amount of the money. I think it's less about money and more about collaboration and getting that kind of cooperation going. I haven't found it to be this is a way that I'm not going to invest in people as much. I appreciate the skepticism or concern about trying to layoff costs, but my experience has been actually -- frankly Jason, that corporations are struggling to find the talent they need and they are desperate for new sources and opportunities.

Now on the other -- on the flipside, I have seen -- in fact, I was talking to a governor this week about recruiting an electric vehicle company. And they were talking about, look, one of the things I could do is to really force creative cooperation in terms of training that goes on as an incentive. So some of these incentives are -- the governors and mayors are excited to do them because it's a way to recruit a corporation, a new business, or a new sector to their local economy. So it's often a mix.

MR. FURMAN: Great. I only have a little bit more time. But there was one more question we got just related to sort of roadblocks that people face. What do you think it's in the way right now? Is it money that people don't have the opportunity? Do they not know what's out there? What type of barriers are there for people? How can -- I think you've covered a lot of it already, but how can we open some of those roadblocks or take down some of the roadblocks?

MS. PRITZKER: I think first is -- one is information, making sure that the information in terms of these opportunities is made available. Broadband access is a huge issue. I see it in Chicago and see in the communities that I work in where there is just unequal broadband access. And I would say shame on us. We didn't -- we spent a lot of time focused on rural broadband. What's come to light is in

addition to rural broadband challenges, we have broadband challenges from -- in our inner cities because what we counted before as broadband access was you could go to a library, you can go to hotspot, you could go to a school. That's, as we all know, when we are doing everything from home, if you will, and probably more and more will occur from home as we go forward even post vaccine, there will still be a significant -- getting equal broadband access I think is a significant part of addressing this challenge as well.

And the other is, there is a role for the federal and local governments to play in terms of their own skills openings. As I understand, the federal government today has 200,000 open cyber security jobs. That's crazy, right. And a time when we have high unemployment, we ought to be training folks into those jobs. So there is a role for all of us to play around information exchange, broadband access, and a real understanding of making available to everyone an understanding of where are those opportunities and what is the training I need to be able to take that job.

MR. FURMAN: Great. Well, this has been a great discussion. I think a lot of what has come through here are some clear messages. One, we know that we can spend and invest a whole lot more in this area. Two, that the demand driven theme. Three, the universality regardless of what your source of job loss. Four, the real critical importance of this for disadvantaged workers. And then perhaps most importantly, I think this is an area, my own impression, that we know enough to know we need to do more. We know enough to know some of those things, but it is an area where we do need to continue doing research, doing learning, putting new ideas. If not 100% solved, just go and implement it. But nor do we want to wait for the research paper to come back. So we want something iterative where we're continuing to debate and discuss the ideas, which we are about to continue with in this session while also making the investments to build up and scale all of that.

So Penny, you did amazing work on this in the government. You've been doing amazing work on this in Chicago. And I hope you are listened to in the next phase of the plan here.

MS. PRITZKER: Well Jason, as always, it's great to partner with you and I look forward to further discussion and debate on so many subjects. And thanks for all the great work you do.

MR. FURMAN: Okay. And next we have Kristen Broady, who is the research director of the Hamilton Project, who is going to share some of the research in this area with all of us.

MS. BROADY: Thank you so much, Jason. So my presentation is entitled "Race and Jobs at High Risk of Being Automated in the Age of COVID". The paper is coauthored with the Darlene Booth-Bell and Jason Coupet. So let's start with what is automation. Automation is robotics. It's a 3-D printing, machine learning --

I'm being told to turn on my video. So let's see if I can do that. I don't think so. One moment. Okay.

Smart systems, nanotechnology, artificial intelligence. It's the use of largely automatic equipment and a system of manufacturing or other production process. So let's talk about how COVID-19 is accelerating automation because it's happening for a couple of different reasons. First recessionary periods often accelerate efficiency enhancing changes in the economy both as individual firms and to reduce cost while retaining their productive capacity and resources are reallocated towards the most productive companies and industries.

With decreased revenues due to the pandemic and associated economic shutdown, many companies seeking to cut costs will transition from human workers to machines for automatable tasks. Second, though the Trump administration seized on the confluence of the United States-China trade war and stalled international travel to make the case to manufacturists to bring the business back to the United States to increase American jobs, the wave of factory jobs returning to the U.S. has yet to occur.

Furthermore, manufacturing no longer determines the conditions of the U.S. workforce as fewer than 1 in 10 Americans works in manufacturing compared to one in 4 in 1970. Companies that are choosing to expand U.S. manufacturing operations have factories that are heavily automated. Finally reshoring would increase labor demand and labor cost nationwide. Managers facing higher labor costs could be encouraged to increase automation rather than hire more American workers for higher labor costs. Both advances in automation and the economic impact of the COVID-19 pandemic

disproportionately affect Black and Latino workers.

So let's talk about jobs that are at high risk of automation. This slide looks at the jobs that employ most Americans at high risk of being automated. So I have 30 jobs. This first slide lists the first 15 of them. I won't read them all to you, but I will start with the first one. There are 3.16 million cashiers. That particular job has an automation risk score of 97%, meaning that 97% of the tasks in that eight hour a day job could be done by computer or other sort of machine. And so when we look at how this is broken down by race, that job entails 2.92% of the Black workforce compared to 1.79% of the white workforce and 2.75% of the Hispanic workforce.

Coming to the end when we look at all 30 of these jobs, we see that 36,271,000 people are employed in jobs that are at high risk of being automated in the next 10 to 20 years. The average automation risk score for these jobs is 92%. And we see that Black and Hispanic workers are more represented in these jobs than white workers. So we are comparing 23.91% of the Black workforce, 30.5% of the Hispanic workforce, to 23.03% of the white workforce. So Black people are overrepresented in these jobs that are at high risk of being automated.

Black people account for 13% of the U.S. labor force. But Black workers are overrepresented in 11 of the 30 jobs and employed the most Americans and are at high risk of being automated. So taxi drivers and chauffeurs, 29.5% compared to 13% of the labor force. Industrial truck, and tractor operators, 25.8%. And you can see the rest.

Black people are over 1.5 times more likely to be cashiers, cooks, food preparation and serving workers including fast food, production workers, and laborers, and waitstaff, and material moving. They are over three times more likely to be security guards, bus drivers, and taxi drivers and chauffeurs.

Let's look at the overrepresentation of Hispanic workers. Hispanic workers account for 18% of the U.S. labor force. Hispanic workers are overrepresented in two additional occupations, food preparation occupations at 2.1%, and dining room, and cafeteria attendants and bartenders at 32.4%. These 13 positions employed 6.4 million Black and Hispanic workers in 2019.

Now let's look at jobs that are at low risk of being automated. The picture will look a little

bit different. So we start with elementary and middle school teachers with 3.6 million. We see that that job has an automation risk of .4%, which is very low, which suggests that we're going to have people serving in those positions long into the future. But we see that Black and Hispanic workers have a lower representation in these positions, 1.9% and 1.33% compared to 2.49% for white workers.

Coming to the end when we look at the summary, we see that there are only 22 million people in these jobs compared to 36 for the jobs at high risk of being automated. We see that they account for 4.51% of the white workforce compared to only 11.65 and only 7.79 for the Hispanic workforce. Black people again account for 13% of the U.S. labor force. But Black workers are overrepresented in only 5 over the 30 jobs that employ the most Americans and are at low risk of being automated; preschool and kindergarten teachers, logisticians, training and development specialists, education administrators, dietitians, and nutritionists. And we see that these positions only employ 311 million Black workers. Unfortunately, Hispanic workers are not overrepresented in any of the 30 jobs that employ the most Americans and are at low risk of being automated.

So how do we get from high risk to low risk occupations? There are several strategic interventions that I'm going to talk about. So two of them are workforce training and higher education speaking broadly. So when we look at the number of Black and Hispanic workers that are employed in these jobs, one of the things that we need to do is to invest more money in HVCUs and MSIs, those are historically Black colleges and universities and minority serving institutions, so that pipelines can be created from school to jobs that will exist in the future with automation.

In addition, we need to also focus on workforce training. Of course there is a debate about the skills gap. And I'm not going to get into that, but what I will say is that if employers partner with schools to let them know what jobs will exist and what skills people need to have in order to do those jobs, then schools can prepare them to do so.

So let's look at some specific examples. Dillard University has a center that prepares students for the future of work with automation, and I know because it's from a grant that I wrote that was funded by the UNCF. And so basically what Dillard is doing is partnering with organizations to learn what

students need to know and be able to do in order to go on to jobs that are going to exist. Alabama A&M has experiential learning program where students take an internship course and a managerial communications course that prepares them for jobs.

Kentucky State University has a partnership with Toyota where students complete part of their degree at Kentucky State University, which is an undergrad institution, and part of it at the University of Kentucky while they complete an internship with Toyota leading to jobs it will exist. Atlanta Metropolitan State College has a partnership with EURA where students complete a 21 hour certificate program and then they go on to an internship and a job ultimately with one of EURA's partners. All of these are examples of programs that prepare students for jobs that will exist in the future.

And so that is my presentation. I am now going to turn over to our director, Dr. Wendy Edelberg. Thank you.

MS. EDELBERG: Thank you, Kristen. And first also want to offer my thanks to Jason Furman and Penny Pritzker for an excellent conversation that I think provided a super framing for the conversation that we are about to have. In particular I think Penny made a really good point that we think it's perfectly normal to encourage firms to invest in R&D and we should be having similar conversations about encouraging firms to invest in their workers, just as important, perhaps even more important. And she also talked about the critical role of the demands side aspect of this, making sure that the training that we're doing is done in service of jobs of preparing workers for jobs that firms indeed have available. So just want to thank them for that.

And then of course we just heard from Kristen Broady telling us which demographic groups and which jobs are at greatest risk of either disappearing or changing dramatically as a result of automation so that we know where the needs will be from the workers' side.

And so with that, let's turn it over to our expert panel. Let me introduce them very quickly. We have Harry Holzer, who is a professor at Georgetown University's McCourt School of Public Policy and a nonresident Senior Fellow in Economic Studies at Brookings, and also the author of the proposal that the Hamilton Project published today ambitiously rethinking the workforce training system and giving

really concrete suggestions to policy makers.

We have Larry Katz, professor of economics at Harvard. And we have Madhuri Kommareddi, director of Workforce Development at the State of New York. And finally, Marc Morial, the president and CEO of the National Urban League. And I'm just thrilled to have all four of them with us.

So first, let's start with you Harry. It would be great if you could take a few minutes and give us some highlights from the proposal that we published today.

MR. HOLZER: Well, thank you, Wendy. Thanks to Wendy and Kristen, the entire Hamilton team for inviting me to write this proposal and for helping me a lot along the way and for sponsoring this event today. I really appreciate it.

Well, before I get into my proposal, I want to start with what's the problem that we want to resolve. And I think a major problem in U.S. labor markets today is that too few Americans, too few young people or adults, have the skills or the credentials that employers seek and that employers reward in the labor market. In fact, only about half of all Americans have any kind of a postsecondary credential whether you're talking about B.A. or higher, or associate degree or certificate. And even some of the ones they have don't have great labor market value.

So to me, that the primary challenge that we want to think about when we talk about improving workforce policy. When we talk about workforce policy, I do want to keep our focus on two primary groups, disadvantaged workers, low income, people of color, and the workers it will be dislocated by COVID, by automation. And of course as Kristen just told us, those are often the same groups both coming out of COVID and automation. So we want to keep our eye on those populations.

And when I look at the workforce system, if you want to call it a system -- and I'm going to focus on the sub BA level, there are sort of three groups that I think of the comprised -- separate from government, that comprise that workforce system. There's the students or workers who want to get training. There are the institutions that provide the training. Community colleges, some of the for-profit schools, also some of the workforce agencies like the American Job Centers. And then there is the employer's, the employers who create that demand and need those skills.

And even though each of them right now is an active player in the workforce system, there are major limitations for each of those three. First of all, the students and the workers, if they want to get workforce as opposed to more academic education, they get much too little funding to support that effort. And we also get too few supports, support services, guidance, career counseling, to help them make good choices. The institutions, especially the community colleges, are also very strapped for funding. Per full-time equivalent they get much, much less than the four-year schools and they are often torn between the academic side, there workforce side, providing the services students need, etc. But I also think they face too few incentives to really spend their money on workforce and to spend it well.

And then the employers in general I think are too disconnected from these other systems. On their own they find it difficult to set up training programs like apprenticeships. They have to the know-how. Maybe they don't have the resources.

And also, some economists have pointed out recently that many employers face strong incentives to automate and replace their workers and too little incentive in the tax system to try to retrain those workers when they are bringing the new automation in. So I think those are all things we need to address.

And one other problem is, this whole system is very fragmented, whether you even want to call it a system. We have the higher ed side and we had the labor force side. We had these players who often disconnect from each other. We have the high schools not in good alignment with the community colleges. The community colleges not in good alignment with the four-year schools. I would like more coherence in the whole system.

And one more thing I will say, there's been a lot of research and evaluation on what works in this area and we've identified and we call these sector-based training programs where the institutions work closely with employers to create the skills they need. And Larry Katz has just written an important paper on this. I'm sure he will talk about it. But they are really small. I call them the little gems. They are too small to make a big difference.

We talk a lot about replicating and scaling. Replicating and scaling are somewhat

different things. We have these efforts now to replicate the small programs, but the way we are replicating them, they're not going to get the scale we need. So if you're looking for scale, as was mentioned in the earlier panel, it's really got to be the community colleges that step forward, some of the for-profit schools as well. And that's why I focus more the higher red side rather than the Workforce Innovation Act and things like that.

So having said all of that, let me now bring up my proposal. It has three primary strands. The first is increasing funding, but also some reforms in the higher education act on the federal government that would target mostly disadvantaged workers. The second prong would be trying to impose some higher tax rates, modestly higher tax rates, on employers when they displaced workers, but then spending that money on the kind of tax credits or subsidies for worker training, on-the-job training.

And the third prong is taking a program from the Obama years called the TAACCCT, the TAA Community College Career Training programs. It was a one-time effort in the Obama years, but the evaluation of it is positive creating a permanent TAACCCT program, part formula, part competitive to try to deal with that fragmentation, to try to integrate all those pieces, build the partnerships that we need between all these groups.

The primary part of my higher ed act proposal would be to inject a good sized chunk of money into the community colleges to expand the training and the high demand fields, programs that use some of these sector-based principles, plus the support services those workers need. The tax I'm viewing -- and there would be other pieces in that proposal, some money in the space to expand workspace learning, trying to expand Pell Grants to cover short-term trainees including some of the incentives for these institutions to do good workforce policy.

The tax I'm talking about would actually not be a new tax on employers when they displace, it would be cutting back a little bit of the depreciation bonuses that they get that subsidizes their automation so heavily. And again, taking that money, spending it on training. I would also put some money into lifelong learning accounts so it strengthens the warn system, the early warning system.

And then like I said, the tax grants, a mix of formula and competitive grants, the

partnerships would be community colleges, workforce systems, employer groups, and the states. And again, the goal there would be to in that fragmentation and create a much more coherent, effective system. I think if we did all these things, plus ongoing evaluation, make sure these things are working, and we scale it up gradually, I think we can make a difference and strengthen the country's workforce training programs and get more workers those skills and credentials, by which they would do much better in the labor market.

MS. EDELBERG: Thanks Harry. That ongoing evaluation, I mean, just as Penny and Jason were talking about, that we need to make sure that we are collecting data all the way along. So Larry, I would like to ask you to talk a little bit about partnerships in particular. So partnerships between employers and education providers and how do we make sure that those partnerships create better pathways for people to be trained for jobs that they wouldn't otherwise be able to get.

MR. KATZ: Yeah. So it's a great question, Wendy. And I think what we been learning, and what Harry said, not hugely at scale, is that there are some gems out there in which intermediaries, often community-based organizations, combined with community colleges and groups of employers to basically create training and wraparound service programs for high wage occupations and sectors that aren't the sort of jobs that you normally get through (inaudible) training programs. And the key is having two aspects which has a lot of information and being sort of a nimble player and understand what's going on in the sector, things were employers are looking to hire now. They are having a tough time hiring people. And where the sort of skills and training and connections you get to have some pathway to higher wage jobs.

And what we've found, starting with such programs called sectoral employment training programs and evaluations over the last decade, is an 8 of 9 random assignment evaluations, the program such as Per Scholars in the Bronx for IT training, Year Up which does youth internships in a wide range of finance business and IT programs like Jewish Locational Services in Boston which does healthcare, is we are finding in these programs basically 20-40-50% earnings increases.

Now Project Quest in San Antonio persisting 6-9 years out and almost always when

you're targeting higher wage sectors where you are sort of converging to the higher wage jobs and look very different than traditional programs where you have short run move in to jobs you would've gotten anyways through the WEOVA training system.

And the key is building up information, talking to employers. But employees are often hesitant to hire people with nontraditional backgrounds. So it's not just the screening. Is actually developing a curriculum for certifiable skills that are used broader than one single employer. And I think there are a lot of lessons there for community colleges, potentially in the scale where we're seeing similar types of things in high wage where community college programs are rationed say in nursing, sort of professional stuff, similar, 40-50% consistent reached over term for six months, 1 year, 2 year sort of programs.

And so I think the key is the combination of good information (inaudible).

MS. EDELBERG: Oh, we are losing you Larry.

MR. KATZ: Can you hear me now?

MS. EDELBERG: Yes, we can hear you.

MR. KATZ: Okay. So I think it's this -- the nation and the types of grants that Harry was talking about, the community colleges, to develop this sort of infrastructure is the possibility of bringing this to scale. Thanks.

MS. EDELBERG: Yeah, with those rates of return, yeah, it's all about scale. It's all about scale. So maybe Madhuri, that something that you can talk about a little bit of what can state governments do. And if state governments can solve the scaling problem, that would be super.

MS. KOMMAREDDI: Absolutely. Absolutely. And I think a few of the things that we are interested in doing or have done in the state is one, really make our funding for grants I think a bit more clear about what is trying to promote innovation versus what strains are trying to promote scale or replication. As Harry mentioned, those are three different, very different kind of sets of outcomes. But unfortunately, the way that we often craft our programs is that we have kind of one pot of money that is supposed to achieve all of those things and it almost kind of creates an incentive for an organization, a

community college, a training provider, a business, the kind of do none of those three things particularly well.

So really kind of creating separate funding streams that really address, are you trying to innovate, are you trying to scale, are you trying to replicate, because those have different parameters for success. So really being clear with the funding, what we are actually looking for.

Two, another point that I think is really important that's been raised, is that not every organization in workforce development space does everything well. So community-based organizations can be particularly good at providing background supports. Businesses can be particularly good at providing on-the-job training and/or identifying what are those real employment pathways for jobseekers.

And of course we have a number of training programs that are excellent in terms of actually training people for the skills necessary, but may not know how to do background supports, may not know how to counsel an individual. How do you find a job? How do you persevere in a job when you get there?

So something we are trying to also do is really think smartly about how to we create better partnership incentives so that groups don't feel like they have to do it all. So if your business, you don't need to do workforce supports, and training, and create the job pathway. You do what you do well. Similarly, community-based organizations, you don't need to do the whole kind of set of objectives to really ensure a person has a successful career pathway. So instead, how do we get organizations to partner together bringing what they do well to a training program and not have to feel like they need to replicate everything to be successful to either get funding or ensure a successful outcome on the back end.

So I think those are two of the things that we are really trying to get focused on is one, segregating our funding stream so that we accept maximum outcome for what we are looking for. And then two, trying to have organizations again do what they do best and not try to weekly replicate other parts of the system, but they are just not well-suited to do.

MS. EDELBERG: Thanks. And so Marc, now I would like to turn to you. So we've talked

a bunch over the past little over an hour about community colleges. They keep coming up. Do you have ideas; what we do for students who -- or workers, who aren't interested, or able, or ready to do this training through the community college system? What community-based programs can serve that population?

MR. MORIAL: First of all, let me thank that Hamilton Project. And I want to thank Dr. Broady and Dr. Holzer, and each and every one of you for having me today, and thank Dr. Holzer for his continuing thoughtful contributions to this discussion.

Let me begin by making just a few broad observations. In this moment in time, it is very important that any thought process about redoing the workforce system have racial intentionality, because the disparities in skills, and income, and an employment are so much a significant part of the problem. With the workforce that we are talking about becoming browner, more African-Americans and more Latinos, the intentionality is necessary to ensure that whatever we -- steps we take, whatever approach we undertake, is going to be designed to close those disparities and close that gap.

And so first thing we have to do is be willing to talk about it, be willing to look at the data about it, and be willing to be appropriately introspective about why -- what we've done over the years has moved the needle only very little when it's come to these important disparities. Number two -- and these comments have been made. We don't have a coherent workforce system in the United States. It's a highly fragmented. My point of view is that, to be candid, too much emphasis is placed on community colleges as the solution to the problems we discussed.

Why is that the case? The graduation case for community college at two years is 13%. At three years, at 22%. At four years, at 28%. The graduation rate for Black students at four-year colleges is 38%, and Hispanic and Latino students, 45%. Community college kids not finishing. They are not attaining associate degrees at community colleges by and large. And so before injecting significant sums of money into that component, there needs to be an understanding of what isn't happening if the completion rate that community colleges are lower than completion rates at four-year schools.

Now, I would add to that that our work in this space shows us the value proposition of

community-based providers, which I would admit in the vast sea are the smallest component, but the component best situated to provide not only training, but also the wraparound services that the students, and these young people, and these aspiring workers need. Childcare services are a considerable barrier. Transportation services are another significant barrier. Academic scheduling is a barrier we've identified, meaning the semester-based system. The time that classes take place may not work for people who have other obligations.

And we found in our work that the stickiness to a program wanes after 12-14 weeks. And so when we rethink the system, it's got to be tiered. There's got to be a really robust look at how community-based providers -- for which there is no consistent funding stream. There is no Pell Grant. There is no taxpayer dollars. Community-based providers pretty much pursue competitive grants. There's got to be a real thought process that that is one rung on the ladder. The community college is another rung on the ladder. And even the four-year schools as another rung on the ladder for these particular students.

We work with students and we -- young people. We are usually trying to get them into some sort of credential program. And in many -- in some instances, 10-15% of the instances, we are onboarding them into a community college and then maybe 5-8% of the cases are on boarding them into a four-year college experience. So while I think these observations are good, our experience of the national urban league providing services to about a quarter of a million mostly African-Americans and 90 locations across the United States, has taught us some important things.

So I'm a big supporter of community colleges. I'm just not for placing all eggs in that basket. Let's look at the data. Let's look at the success rates. Let's be transparent about what indeed works and find the right role for everyone.

Here's the value of the community college. I was a state legislator. I represented a community college. There is a community college in every congressional district in the country. They are very powerful. They're very influential. They tell a story. So understand my comments in the sense that I believe that this tier community-based providers needs to be strengthened, a stream of income, a stream

of revenue, a role so that the community colleges and community-based providers are not necessarily competing with each other, but they each have an important role to play.

The final thing I will say is that I'm a big believer in doing two things that we don't do in the United States anymore. From 1972 to 1999, we had a robust summer youth employment program. We put 5,000 kids to work in New Orleans of the '90s in all sorts of careers, architectural firms, and government, in the private sector, a standalone program that gave young people a career-based work experience while they were teenagers. We have to return that to the system so the kids get work experience, career-based work experiences when they're young. That's number one.

Number two, I believe very strongly in, whether you call it on-the-job training, apprenticeship-based programs, any kind of program that creates a way for people to get employment and then work their way up while learning along the way. I also think it's a way to create some sustainability.

So these are very important conversations. I think with the new administration, we have a chance to have it. My view on so many things now having lived and worked in the 1990s, and the 2000s during the Obama years, is that we have to think about the here and the now. The problems are different. The poverty is different. The needs are different. The challenges are different. And we have to build, I think, a system that fits the here, the now, and the future.

MS. EDELBERG: Well, that's super. Let me ask a follow-up question, because it's related to something that we heard from our audience, a question that was raised by one of our audience members. And it's about training being focused both on soft skills and on technical skills. And the reason I'm asking you this is that I heard that I think a lot of what at least I thought was implicit in what you were saying about apprenticeships, on-the-job training, getting young people into a job early as part of their education as a young person, those sounded to me like some of the ways that we can teach soft skills. Do you have a sense of how soft skills versus technical skills, how to divide that up?

MR. MORIAL: Yeah, we -- got to be both, because the ultimate goal, the success of the workplace, sustainable careers, you got to teach soft skills. You've got to introduce young people to soft

skills as early as possible. They have to learn by doing, not just by lecturing and talking and saying you need to do this. It's about experiential learning. I think the soft skills are -- and dealing with other problems. I have a transportation problem. I can't get across town to go to the class. And maybe this remote world is going to change some things. I have a childcare situation. I also have a part-time job. I've got to navigate through some of this and that's the reality.

Many of these -- many of the folks we're talking about are women with children. We're talking about women with children. We're talking about men also, but the challenges of being a -- the mom, the caregiver, sometimes you're also taking care of an older parent, it the reality of today. You know, the reality of 1970 and 1980, maybe even '90 was a tad bit different. So I believe soft skills had to be a part of it. We focus on that. We do a lot of pre-apprenticeship training which is focus on soft skills. And I do think we make a mistake if we don't think it's essential and it's important to the entire mix of what we need to do.

MS. EDELBERG: Thanks.

So Harry, I want to come back to you. So we've heard a bunch of these discussions about all the different aspects of our workforce training system. And indeed, really an essential part of your proposal is bringing more coordination to the system. What would you say to the skeptic who says it's too multifaceted, it's too scattered of a system, we can't simply try to bring more coordination to it, the only way to have a successful workforce training system is to basically start from scratch and create an entirely new, fully integrated system from beginning?

MR. HOLZER: Before I answer that, I do want to respond to Marc's comment, his skepticism about the community colleges. In fact, he was right when you look at the completion rates, especially within two years, they're much too low. And even if you go out four years or beyond, they get better, but still not high enough. I think part of the problem is the vast majority of people who go to committee colleges end up in the academic programs rather than the workforce side. And many of them aren't prepared academically to the get stuck in developmental ed, these remedial programs that don't go anywhere.

What I'm envisioning is building up the workforce side and having a really good guidance to help people find the programs, whether it's for credit or noncredit where actually the completion rates are actually much higher than they are on the academic side. And of course what I'm envisioning is strengthening these partnerships with the community based organizations that Marc was talking about, that Larry was talking about, and the employers and to have more support for all of that.

Now we can believe that, you have to scrap everything and start from scratch. I would hesitate do that. Number one, we wouldn't know if the brand-new system is better than what we had before. Number two, there are pieces of the system that work quite well. Right? There is a strong labor market returns to a lot of these certificate programs that we have now. Like Larry says, especially if they're embedded in some kind of pathway, a first step along the pathway.

So to me, wiping everything out and starting from scratch is unrealistic and very uncertain. I would rather take the things that we've seen in the evidence-based that seemed to work well, including the things that community colleges and strengthen those pieces and strengthen the partnerships.

And I think – you know, we always talk about coordination, but usually we talk about coordination without providing any of the resources that are needed to build these bridges and build these partnerships. So I think providing these tact grids, some of which would be formula base as well as competitive, would enable the colleges, the employers, the community-based organizations to build those partnerships to work more effectively together as we see happening in the sector-based training programs right now.

MS. EDELBERG: Your answer makes me optimistic. So thank you.

So Madhuri, I want to ask you about funding. So Harry's proposal calls for greater funding for students, greater funding for the educational institutions themselves, and also for the firm's, offering them more – better funding to do their own training within house. Where do you see the shortfalls? And if you see them everywhere, where do you -- do you feel like they are more acute in some places than in others?

MS. KOMMAREDDI: I mean, I think Penny's intro remarks it during the fireside chat really illuminated the overall funding challenge that we have in this country. We do not invest in workforce development to the level of other economically advanced countries. And it's real problem especially because it's been declining over the past few decades, not only the public side, but also in the private investment in workforce as well, which we find to be incredibly concerning.

Unfortunately though, I work in a state government that, as many -- almost every state government is very financially strapped right now. So it has to be both, work funding, which we obviously have advocated for and will continue to do so, but also figured out how to use our funding more effectively, which I think Wendy, goes to the second part of your question; where we find shortfalls in the system.

I think that on the community college piece, it's something that I would agree with, but I think it's really a question of where the money goes. As Harry was just alluding to in the community college system, we've been very bullish the past two years to try and create more funding targeted towards the workforce side of community colleges and not the two-year degree side, but really what are the ways that our community colleges can be competitive in creating credentialed, high quality employer driven programs that can really lead to enhance economic outcome for participants.

For better or worse, where's the first place that people go for workforce development? It's usually the community college. And as Harry mentioned, folks can burn out on courses that may not actually help them economically. But that's the first place that people go. And then they go to nonprofit training providers, companies, others, as a second kind of avenue for giving the skills that they didn't receive in the first place.

Our view is we know people are going to the community colleges anyway. How do we make them work? And how do we actually build the systems and programs which may not be on the degree side that really can make sure that first shot when somebody walks in the door will result in a programming credit they can lead to a much better career pathway. So that's really one place that we have focused on.

Another is really thinking about that infrastructure I think Larry had alluded to as well between businesses and our training providers and community-based organizations, especially most employers in upstate New York and actually across the country are small businesses. They do not have the resources to create training programs or partner with other small businesses to great training programs that really would benefit their industry. This is something we are currently seeing with the videogame industry, the software industry in upstate New York. We have a lot of really innovative small companies that are growing tremendously, but each one doesn't have the demand or capacity to create their own training program.

So I think where the state can help is really trying to create this intermediary between those groups to figure out, well, your one business don't have enough need on your own, but 10 of you together do. How do we create the resources and infrastructure to make sure that that results in a training program ideally with a community-based organization, community college, or non-profit training provider? So really solving that coordination problem among small business in particular is something that we also feel could be a really great way to kind of focus our limited resources to make sure that we have outcomes for ultimately the people we're trying to serve.

MS. EDELBERG: That's great. Thank you.

So Larry, I want to ask you then about incentives. So one aspect of a here is proposal is to impose a modest tax on firms that displace workers through automation. And I think part of the thinking behind that, or maybe all of -- at least part of the thinking behind that is that our current system, fiscal policy system in place, tax, mostly taxes, is that for firms, we create a lot of incentives for firms to put in place automation, invest in machines, and we need to do more to even out those scales so that firms also have incentives to train workers and train them to work alongside those machines that we are giving them incentives to put in place.

So first, wondering if that resonates with you. And second, does it seem -- does it seem -
- how likely is it that a system can change those incentives to make firms do more to retrain workers rather than displacing them with automation?

MR. KATZ: I mean, the argument that has been made, particularly by Doron Acemoglu is if you look at the U.S. tax system the effective tax rate on capital that firms face and on automation investments relative to the tax on labor seems to be lower and that potentially distorts investments and potentially --

MS. EDELBERG: It's negative. The imposed tax rate is negative for a lot of different kinds of capital.

MR. KATZ: Right, it varies, but it's way lower than the taxes on labor. And clearly that can have a distortionary effects. And so some potential -- you know, it's not clear exactly how you target automation or displacement. In principle, the unemployment insurance system is supposed to experience rate and provide a tax, but it's a very imperfect system. One can imagine on the margin a little bit of trying to change the incentives on the displacement side.

But I suspect a lot of the returns to sort of training that don't get invested in are the types of things that are more valuable than a single employer and where poaching is potentially the big concern. And that's where intermediaries and community colleges and others may play a role. In potential, some subsidies for sort of training could help with individual employers. It's not clear that doing that is going to be that effective.

I think expanding things like sectoral employment training programs, community colleges, potentially using some of the funding on a displacement tax or greater taxation on capita could do it unless -- you know, there are some grants for incumbent worker training. Harry has evaluated some in the past that are affected. But I -- the skills that really don't get invested in are ones where workers may not be completely aware they are valued by a wide range of employers, not just a single one, and therefore firms face encroaching risk if they invest in, and that's a place where education or other training, intermediaries may play an important role. So I think there somewhere sort of combining this.

What I'd just like to say is, and the current system we have a lot of touch points that seem to have high returns where we underinvest. The marginal four-year public university, we see people on the margin get very high returns, take a Florida International University, vocational programs and

community colleges and high wage sectors, sectoral employment. We have a lot of parts of the system that seem to have very low returns. The huge expansion of for-profit colleges in the great recession that took a lot of 25% of the Pell Grants and the student loans and where most unemployed and people of color went have very low returns.

And so combining greater scrutiny and regulation of parts that don't seem to be delivering returns and providing resources to expand the parts that have a higher returns seem to be, as opposed to just a completely new system -- there are parts that work well, but they don't seem to get the funding in parts don't work well. I think those are the keys and moving forward.

MS. EDELBERG: And again, comes back to data and making sure that any program that's put in place is also -- also incorporates collecting data, evaluating the program to make sure that we have this good information to act on.

MR. KATZ: Yeah, and I think big data now that is becoming available, allows us to do -- learn much more rapidly. You know, linking to which things are working and also to potentially use the information of targeting which sorts of programs seem to have high returns for workers with certain skills coming in. There is a lot of innovative work going on just like there's been innovation and automation, there is innovation and using big data for potentially targeting which types of workers would benefit from different programs, improving things like summer jobs programs that were brought up where we are learning a lot and where seem to be potential ways of linking up employers with higher returns rather than just the traditional places that summer jobs programs have done. So I think the investments in the data and infrastructure are also extremely important.

MS. EDELBERG: I would like to -- I would like to open up the question to all of you. So of course all four of you have been working, as I said in my opening remarks of the very beginning, all four of you have been working on these very important issues around improving the workforce training system for a very long time, long before the COVID-19 recession struck. But we have a bunch of questions from the audience around how -- what additional challenges as the COVID-19 recession created? How do we need to rethink whatever priorities we would have had coming into the pandemic?

How does the pandemic potentially change those priorities going forward? So are the new challenges? New opportunities? Is there -- are there things that we should be doing differently now that we've learned what we've learned?

I'm trying to summarize a great many questions that basically say, what about COVID. So anybody want to jump in?

MR. MORIAL: I will take it, because we're doing an evaluation now of our programs in the year of COVID because as many, we have to continue to provide services with pirouette as I say to virtual experiences. And we're finding, for example in workforce programs, the enrollment levels and the consistency of participation suffers in a virtual setting. We are finding however, for example, and we do homeownership counseling, homebuyer education, that the success rates and the participation rate seem to be more consistent than when people had to do it in person.

So a good bit of this is maybe more nuanced program to program, the differential in what you face. We also have a lot of people walk in and they want to bypass training. They is one of job placement because they are trying to survive in the reality of now. So I think the real question is really going to be how is the economy on the employers side going to change coming out of this. Is there going to be shrinkage in some jobs? Is expansion in some areas? And what are they going to be?

Secondly, how providers, whether it's community college, four-year college; I've got a son who is a freshman at Penn and he's on campus this semester, but he's doing classes virtually. Last semester -- you know, how is it going to change. And those are hard to predict with great accuracy. I think we ought to recognize that there is going to be a new and a different normal.

Like always, we need information and data. And I think somebody's got to kind of grasp this now and look at the experiences of 2020 and see what we learn from it. We're trying to learn because we're trying to claim, and we are trying to assess and evaluate what 2020 means and what may continue and what may have to go back to normal to get the success rates.

Like for example, we do afterschool programs. It's hard to do those with great effectiveness virtually. High school, I mean middle school kids, et cetera, et cetera. But some financial

literacy homebuyer education may work. So it's a really important question for people in government. I think the important for people in academia. I think we have to stand up some analysis fairly quickly even if it's going to be anecdotal or incomplete because we all need guidance.

And also think at this moment in time with the new administration that wants to tackle some of these issues, they need as much guidance and information as possible. So we are not designing the proverbial Buick 225 to run in the 21st century. We are not building what used to be thinking that used to be will work in the future.

MS. EDELBERG: I'm absolutely hoping that this event is in service of that goal.
Anybody else want to jump in?

MR. HOLZER: I would like to, if I could build on what Marc said. So COVID is going to generate several million additional dislocated workers beyond what the normal labor market generates. Way too many of those workers are going to be Black and Brown and relatively disadvantaged. So we do need to make sure we have systems in place and resources to help them.

I think the jobs that are permanently going to disappear in retail and leisure and hospitality, there will be less traditional brick-and-mortar retail and a lot more online shopping, a lot more online ordering and delivering. So we want workers to be able have access to those new jobs as well as others. I think digital skills are going to be a very, very important part of this thing. And as Marc said, we need to follow the data to where the new demand is. But I think sort of a skill set, not just targeted to exactly specific jobs, but digital skills, soft skills, I think will be an important part of this.

I also think more and more the education and training after COVID are going to be delivered online than was true historically. A lot of these institutions are now even more strapped for cash than they have been. And so learning on that -- what kinds of online education and training work especially for these disadvantaged populations? What is the optimal mix of online and more traditional, in person? I think there should be higher on our agenda as well.

MS. EDELBERG: Larry?

MR. KATZ: Yeah. (Inaudible) build the interest –

MS. EDELBERG: Larry, you're coming in and out.

MR. KATZ: Can you hear --

MS. EDELBERG: Not very well. It might be best if you turn off -- it would be sad, but I think it would work if you turn off your video. And then we can hear you.

MR. KATZ: Can you hear me now?

MS. EDELBERG: Yes.

MR. KATZ: Okay. I think the other major lesson from this pandemic is -- highlights the growing divide between those of us who have jobs where we can work from home and those who don't, the people ordering the take-out and the people delivering it. And the huge differences that having some voice in the workplace and representation and ability to get safety in, reimbursing while training and education are important, they do a lot more to give clout and voice and some say in the way the workplace does even to workers in lower wage jobs.

And I think it reinforces the importance of the minimum wage, unionization, earned income tax credit, otherwise upgrading those jobs to complement it and having a tight labor market, because a desperation that we are seeing is not going to be quickly solved by training and employment. There are a lot of other very big problems that need to be compliments and it needs to be more comprehensive than that.

MS. EDELBERG: So Madhuri, I'm very happy to give the last word.

MS. KOMMAREDDI: Oh, great. It will be echoing I think a lot of what was said, which is I think over the past two years that I've been in this role, a lot of our focus from a workforce support side has been on child care and transportation. Those have been two really significant barriers for not only individuals to attend and persevere in training, but ultimately be able to attain and maintain high-quality jobs.

And now the third element that has become incredibly important if not as or more important, is broadband access, affordable broadband access, and device access. So as we think about our funding streams for workforce development, not only having flexibility for wage subsidies, childcare,

transportation, broadband and devices, we strongly believe need to be a part of that mix as well because otherwise that is quickly becoming a major barrier for individuals to reenter the labor market today. And we don't want to have an economy that is bifurcated where if you have a device and can work from home and have a quiet space, you are a winner. And if you don't, you're not. It's leading to inequality that we need to really aggressively address today.

MS. EDELBERG: Yeah. Just highlighting the workforce training is just one aspect of the many challenges that we have in the labor market and in the road ahead. Well, all right. I'm worried that we just ended on sort of a sad note, but a note highlighting the challenges, but a call to action. Thank you very much for joining us.

I would also like to again thank Penny Pritzker and Jason Furman for excellent framing of this event and encourage you to go to the Hamilton Project's website and see Harry Holzer's excellent proposal with actionable ideas for policymakers to help improve the workforce training system. You can also see Kristen Broady's economic analysis that she -- that we just published today with her co-authors describing the challenges faced by different demographic groups and how automation will affect different jobs over the coming decades.

So thank you very much for joining us. I've got a lot out of this. And I am more optimistic about the changes that we will see going forward as a result of this discussion. So thank you to everybody.

MR. MORIAL: Thank you.

MR. HOLZER: Thank you.

MR. KATZ: Thank you. Thanks.

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