



Lutheran
Services
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The Evolving Workforce: Challenges and Opportunities

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Plan for my talk

In two parts:

- What is happening: before the break
- What to do: after the break

*Please interrupt. I **do not** love to hear myself talk.*



The Challenges We Face

- Technology is killing jobs (fake)
- Racial and ethnic disparities persist (real)
- Skill requirements are rising (real)
- People are disconnected from their employers (real)
- Our human capital/training system is broken (real)
- You cannot find people to work (real)



Discussion about the job market is often faddish

Three years ago talk was dominated by the fear that technology was killing jobs: the jobless future

But: today we worry that there is too much work and not enough people



Yes, technology can kill some jobs - but it often creates others

A simple example: word processing

- Impact on professors, managers, and many others: a complement
- Impact on typing pool: a substitute
- Impact on administrative assistants: leads to job redesign

Many technologies have similar characteristics. And they also stimulate the creation of new jobs.

So the problem is not the end of work. It is adjustment. And this will bring us to our discussion of education and training.



Challenge 1:

Racial and ethnic disparities persist



Percent working, November 2022

	White	Black	Hispanic
AGE			
20-24	67%	65%	68%
25-34	82%	75%	77%
35-54	82%	77%	77%
55-69	54%	49%	55%

Source: Current Population Survey

Median weekly earnings, 3rd quarter 2022

White \$1,024

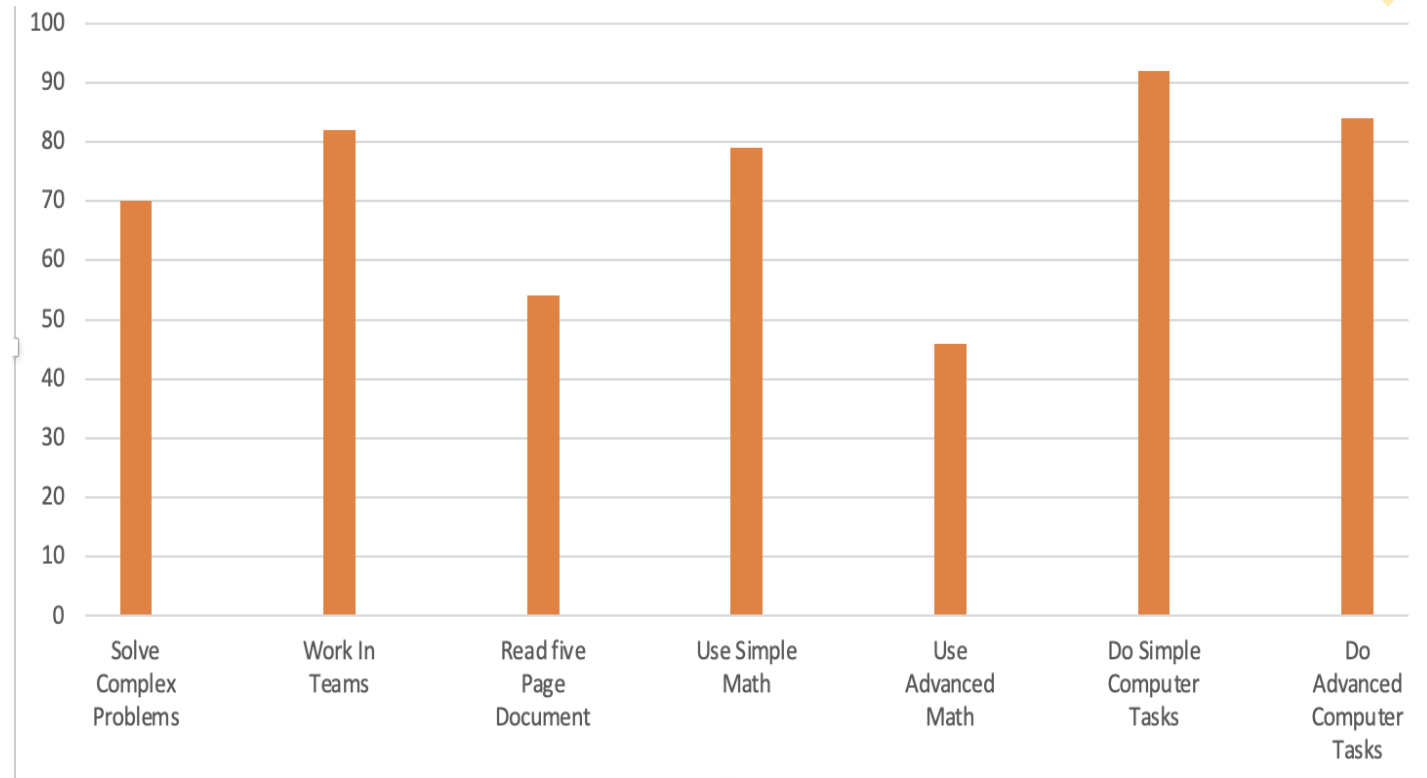
Black \$799

Hispanic \$779

Source: <https://www.bls.gov/news.release/pdf/wkyeng.pdf>

Challenge 2: Skill demands are up

Percentage of people who earn above the median who do each task at least once a week



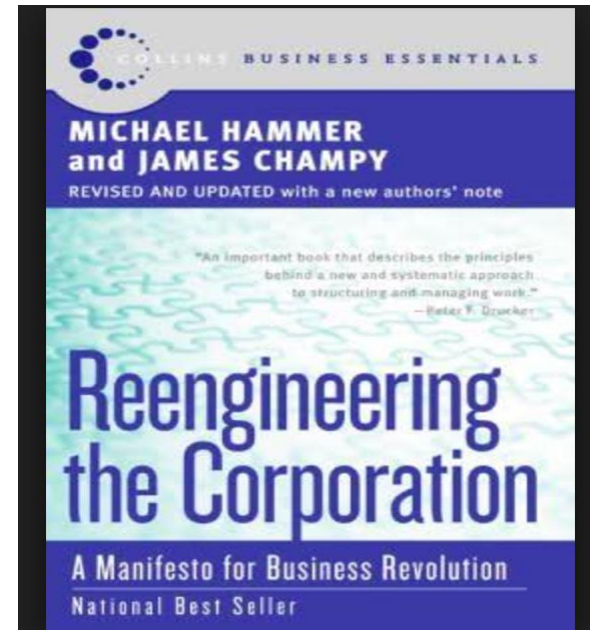
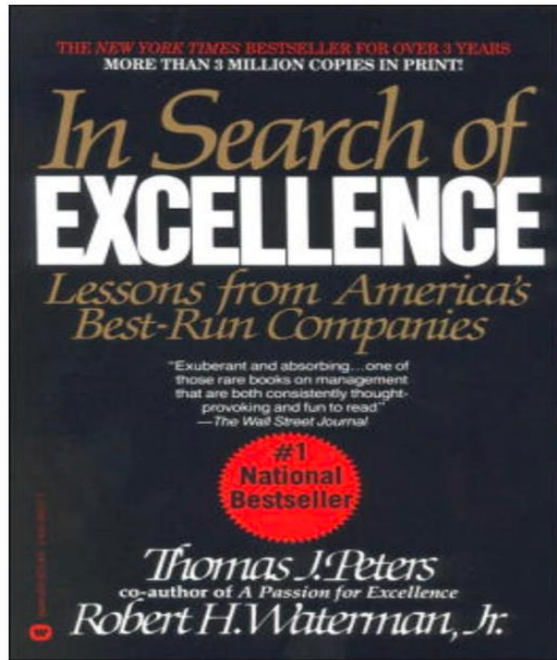
Source: American Training Survey

Challenge 3:

Disconnection in the labor market



Employer views of best practice have changed



Jack Welch: "At the end of the week we are even."



Work arrangements: percent of adult workforce, 2022

Main Job Freelance	9%
Main Job Contract Company Employee	13%
Standard	78%
Second job freelance	5%
Gig	1% first job, 2% second job



Who works in what kind of job?

Percent non-white in each category

Standard	26%
Freelancers	26%
Contractors	52%





Why is this a challenge?

Many employers use non-standard employees to get out from under obligations that they incur for their regular workforce

Contractors on average earn less than standard employees

No one is responsible to training contractors or providing a career

For gigs and freelancers and many contractors benefits and basic employment protections may be lacking

Challenge 4:

The human capital/training system works poorly

Firms are providing less training and are biased to the better educated

The public training system is poorly funded, confusing, and has uneven outcomes

We lack a well articulated system of hand-offs and ladders to move people ahead



Percent who
receive
employer
provided
skills training

College Degree or more: 63%

High School Degree or less: 54%

Source: American Training Survey



Percent of people who got training on their own the previous two years

From any source other than online:

High school or less	9%
College or more	18%

Including paid online:

High School or less	13%
College or more	33%



Percent very confident about quality of training venues

	High School or less	College Degree
Paid Online	12%	26%
Government Program	10%	17%
Community College	17%	27%
Four Year College	15%	38%
For Profit School	12%	23%



Challenge 5: Connections and supports in the labor market

The labor exchange (Employment Service/Job Centers) are weak and very under-funded

Programs are not connected. No good path from ESOL to job training for an entry job to training for a better job

Use of online job search is biased away from people at the bottom of the labor market





Challenge 6:

Where are the workers?

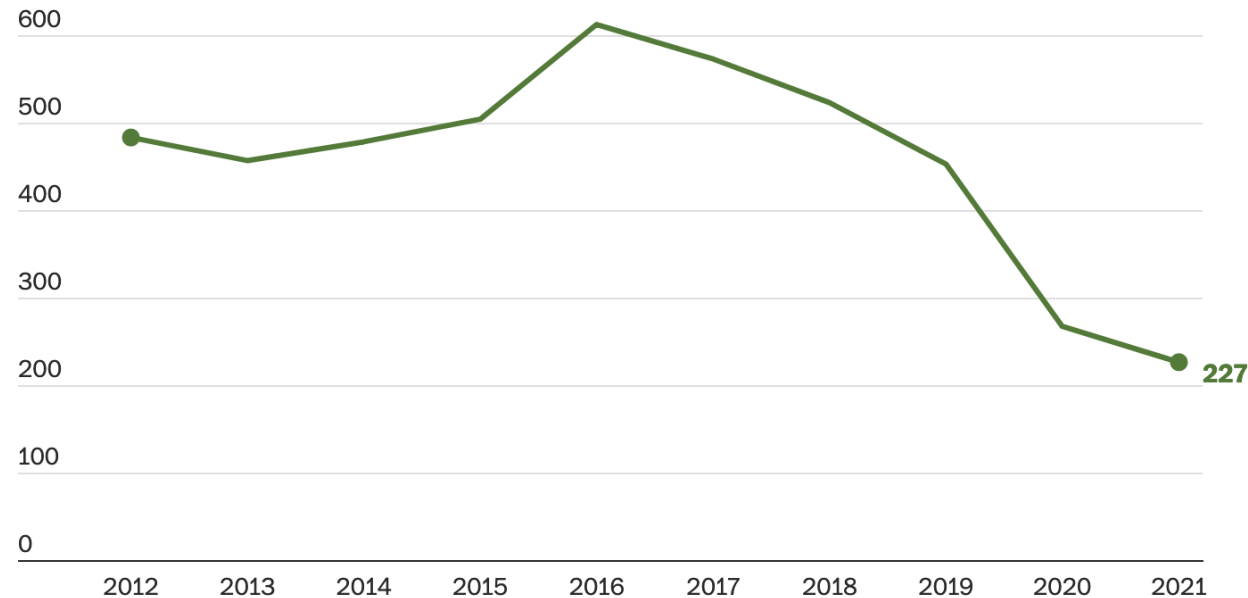
Let's treat this like a mystery
and look at each culprit's alibi
and evidence

Is it too few people: demographics and immigration?



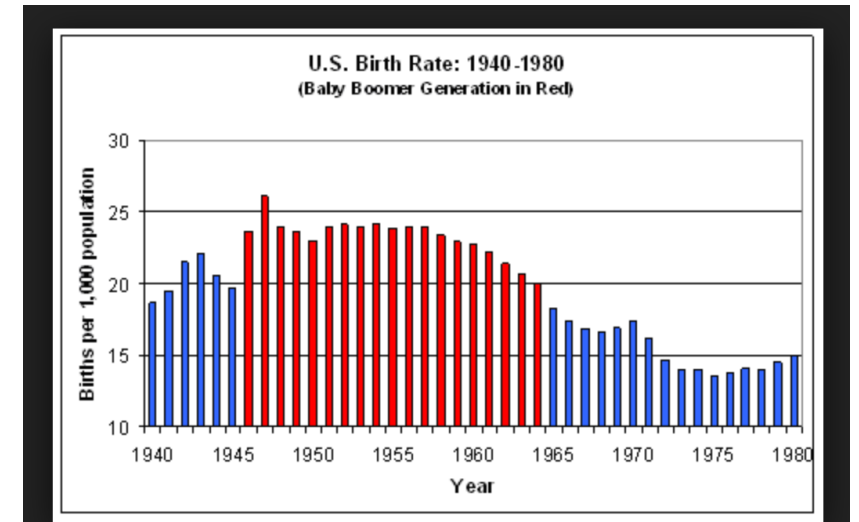
Legal immigration has been falling since before the pandemic

— New arrivals with lawful permanent resident status, in thousands



Source: [Department of Homeland Security](#)

ABHA BHATTARAI / THE WASHINGTON POST




But no,
this culprit
is innocent

While demographics and slowed immigration pose a long run challenge they cannot be held guilty for what has happened between 2019 (pre-pandemic) and now

2019 Population 25-69:
188,377,000

2022 Population 25-69:
190,784,000

Is it that
people do
not work
as much?



Innocent!

Civilian Labor Force

November, 2019

164,404,000

November, 2022

164,527,000

Labor force participation declined slightly from 63.2% to 62.2%
but population growth offset it

Source: Bureau of Labor Statistics



There are two guilty culprits!

The immediate problem

Perception of labor shortage because people quit more frequently

The deeper problem

Too many people with less than college are not in the workforce





 Oregon Live

Target raises starting wage rang...

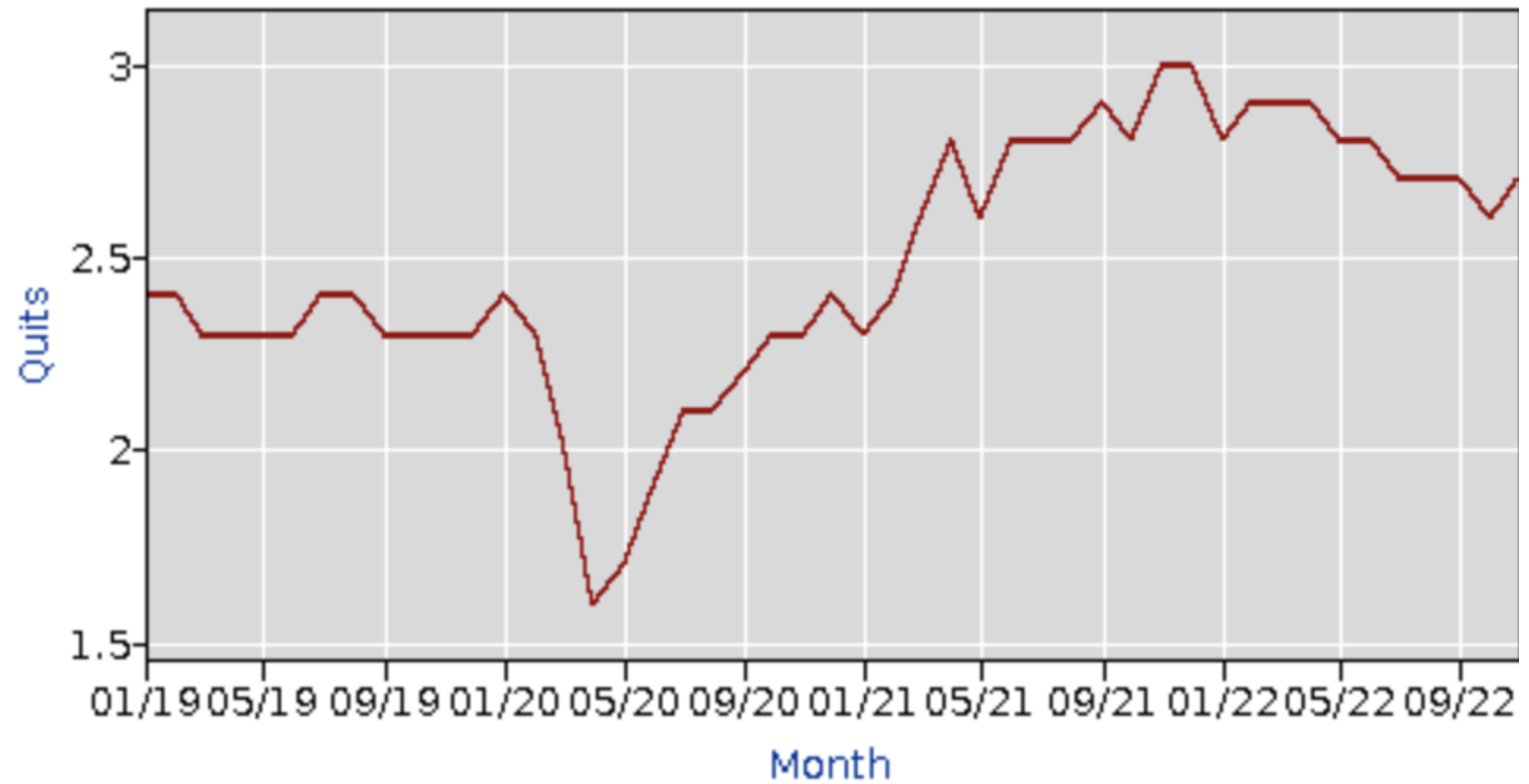



 WSPA

Walmart raising pay for 425K emplo...



Quit rates





Your missing workers: labor force participation November, 2022 (ages 25-54)

High school or less 74.6%

Some college 82.7%

College Degree or more 89.0%

And high school or less accounts for over a third of
the age group!

So two challenges:

- How can you improve your jobs so people quit less often?
- How create pathways into work for people out of the workforce?

We will discuss after the break.



How people make decisions about working

Granular: why are people not working

My survey: April, 2022.
6,000+ adults age 26-66
Nationally representative

Percent working: 70%

Of those not working:
36% want to work
64% do not want to work



Of those not working: why not

The job: pay, schedule, transport, lack skill	26%
COVID worries/own health	10%
Child care	12%
Other family responsibilities	10%
Retired	33%

Source: American Training Survey



Making all
this
concrete:
consider
healthcare
and CNAs

The opportunity in the healthcare industry

- Are natural job ladders
- Is a growth industry
- Is an industry to which people are attracted.

But you can't get CNAs. Why?

- The environment
- The job
- The system

The environment makes it hard for you to pay competitively

- WalMart etc. raises wages
- Medicaid reimbursement levels too low



The nature of the job

- Few internal ladders
- Not perceived as step to a medical career
- Scope of practice limited and little internal training



The system

- Bad image; no shadowing in high school
- Too few training programs and too few clinical seats
- No connections between, say, SNFs and hospitals to create ladders

How get from CNA to medical assistant
somewhere??

- No organizations, intermediaries, to promote mobility



Conclusion

- You have immediate issues and challenges but it is important to also think about how to build labor market institutions and systems that are sturdy and will help employees and their employers in good and bad times.
- This is what we will discuss after the break
- Now....

At your tables...

- How would you characterize the labor market in your communities?
- Do the challenges resonate?
 - Disparate outcomes by race/ethnicity
 - Rising skill requirements
 - Disconnection from employers
 - The training system does not work well
 - High quit rates and missing workers
- Which seem to you to be the most pressing and most difficult?

PART TWO



Two perspectives

1. Think of yourself as an employer: how get a reliable labor supply?
2. Think of yourself as a service provider: how improve the skills and employment prospects of your clients?

The two perspectives are linked:

If schools or training programs do not know how to work with employers or are low quality or are not at scale then you do not have a partner with whom you can work to recruit employees

and

you do not have partners who will hire your clients



Goal One: more organized entry paths for young people

- Help high school students become exposed to career opportunities
- Create multiple credentials/entry points from high school to post-secondary education and training



Goal Two: Ladder of Advancement

Ladders of advancement for adults

Example: home health aide/CNA to medical assistant

What does it take to make this happen?

(If mobility was common, it could lead to easier recruitment of people to be aides because they would see it as a start to a medical career)



Why are these goals hard?

- Stovepipes not integrated
- Weak connections
 - A very weak labor exchange
 - no articulation between programs and steps and stages
- Employers not engaged
- NGO's not integrated into the system and at table



Step One

- More high school students enroll in four year or two year colleges
- Students get started on this path while in high school via Early College High School Programs
- The state has a Promise Program that provides last dollar financial aid for college
- For high school students who do not continue to post-secondary there are well designed and credentialed apprenticeship programs



Step Two

The employer community, individual firms and industry associations, work with high schools to

- provide job shadowing opportunities for students
- to participate in apprenticeship programs that offer credentials for students not headed to post-secondary education

The employer community is engaged in pressuring to improve the system

Step Three

The community college system, on its own or in response to community pressure, works to improve completion rates via

- Mentor/Navigator/Coach programs
- Guided pathways
- Integrating remedial with credit programs

Step Four

- Strong intermediaries offer second chance programs for adults
- These intermediaries also offer opportunities for adults in low wage dead-end jobs to obtain better opportunities
- The intermediaries are connected social services agencies and ESOL programs so that a real ladder of opportunity is created
- The intermediaries have strong employer relationships and strong relationships with community colleges

This is not fantasy: successful examples of each piece exist

The challenge is diffusing these more broadly
AND weaving together a system in your
communities

An early college high school

- Texas

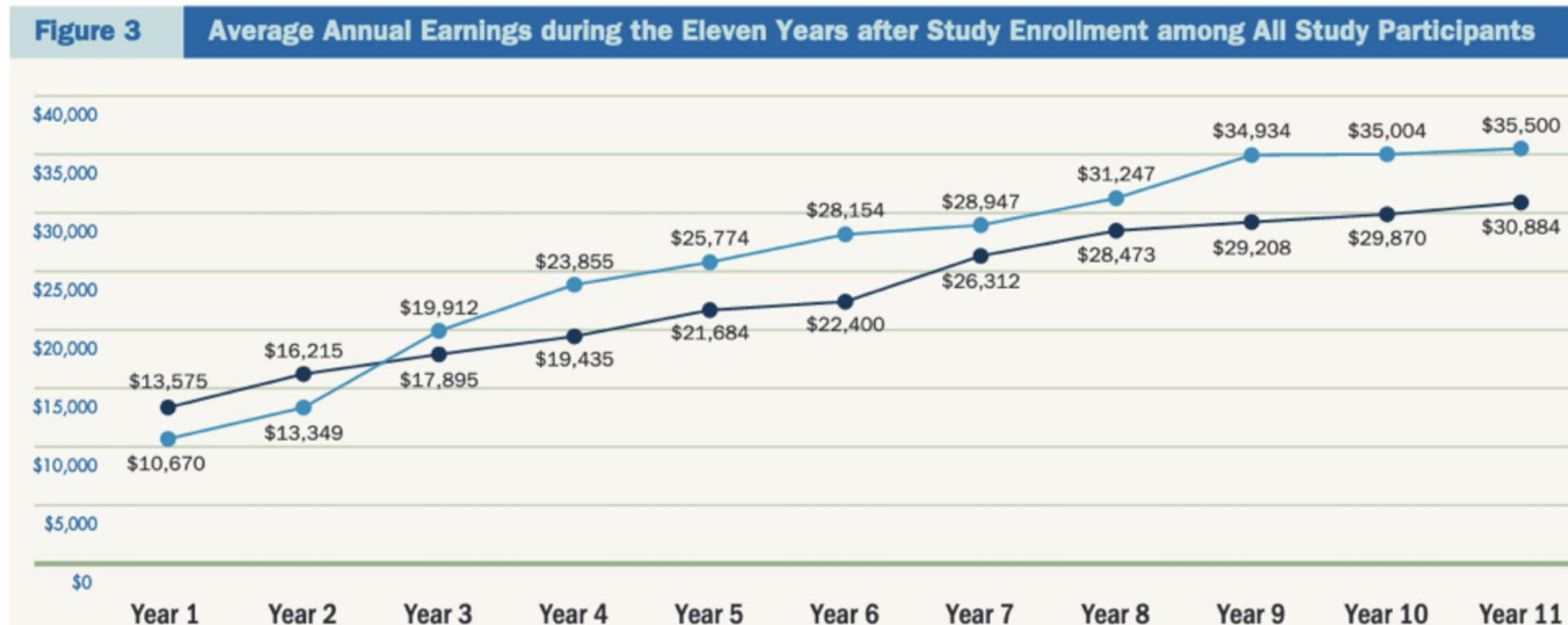
A Promise Program

- Michigan
- Tennessee

Pathways to Prosperity and Apprenticeships

- Delaware
- Colorado

An intermediary



Source: Economic Mobility Corporation Paul Osterman

But the challenge

- Is scale
- Moving beyond one-shot initiatives
- Building a community wide system

Some components of getting from here to there

- A committed Governor
- An employer community committed in terms of participation and some funding
- A committed community college chancellor
- Competent intermediaries or organizations that can be made competent
- Social service agencies that recognize that they are part of a ladder, not the only rung
- A community that is alter to these issues and willing to exert political pressure

At your tables

- What promising and effective programs already exist in your communities?
- Which of the ideas just described seem most promising and most doable?
- What are the obstacles to getting these ideas to scale and how might you overcome come challenges?

