

FINAL REPORT



# Working Up:

*A CONVERGENCE DIALOGUE FOR ACTION TO INCREASE ECONOMIC MOBILITY*

CONVERGENCE



## Table of Contents

<b>Executive Summary</b>	page <b>5</b>
<b>Section I: Workforce Proposals</b>	page <b>20</b>
<b>Section II: Quality Jobs Proposals</b>	page <b>30</b>
<b>Section III: Financial Stability Proposals</b>	page <b>38</b>

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Design by Bittersweet Creative

**This project was made possible by the generous support of a range of funders, including significant support from the W. K. Kellogg Foundation. We also received major support from the Annie E. Casey Foundation, Ford Foundation, and The JPB Foundation. Additional support came from the Arthur M. Blank Family Foundation, Collegiate Church Corporation, and Hellman Foundation.**

Convergence is a national non-profit that convenes leaders with diverse or conflicting views to build trust, identify solutions, and form alliances for action on critical national issues. It achieves outcomes through structured, facilitated dialogue and long-term relationship building, shifting the focus from winning the debate to collectively seeking solutions. Convergence is addressing a broad range of issues including education, health care reform, poverty and economic mobility, incarceration, and the federal budget process.

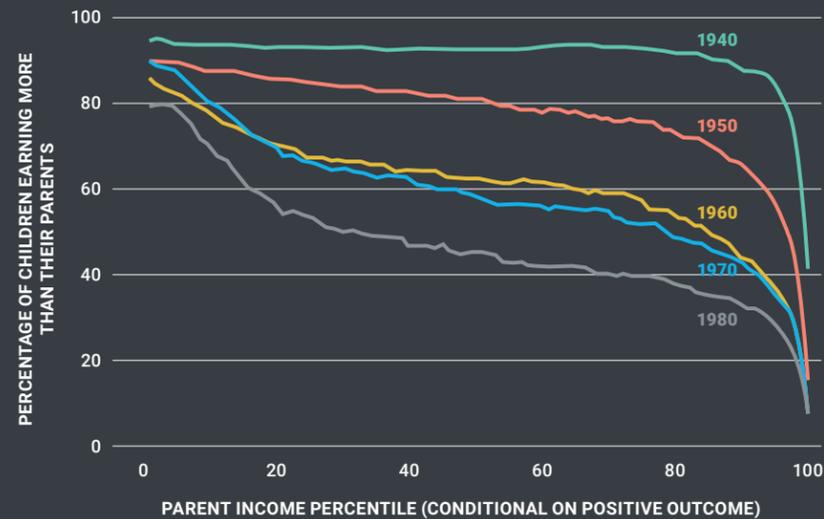
We support this set of solutions as individuals. Our organizations have not formally endorsed this report, and our organizational affiliations are listed for informational purposes. This consensus process resulted in the strongest support for our principles and framework. We urge leaders across sectors to take action on these proposals.



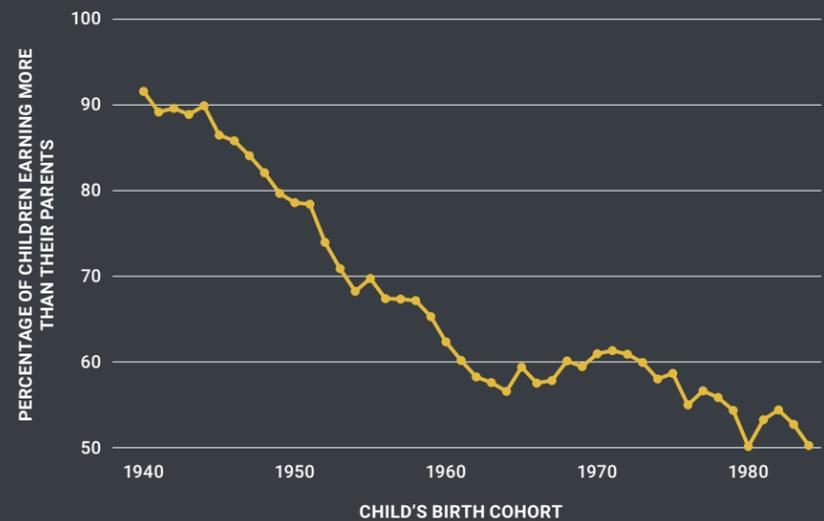
Work has been central to achieving the American Dream. Throughout our history, work that provides a decent standard of living has been a critical pathway to upward economic mobility. For more than a century, hardworking individuals and families, employers committed to their workforces, and complementary government policies and investments have reinforced each other so that each generation has improved its standard of living compared to the last, and helped the next generation do even better.

Despite challenges of discrimination and times of economic turbulence, these complementary efforts by workers, employers and government have enabled millions of Americans to work their way up in our society.

### Selected Cohorts by Parent Income Percentile



### Mean Rate of Absolute Mobility by Cohort



From Raj Chetty's  
**"The Fading of America's Dream"**

[www.equality-of-opportunity.org](http://www.equality-of-opportunity.org)

Today, we are facing unprecedented challenges to work as an engine of economic mobility. In 1980, eight out of ten thirty-year olds were earning more than their parents did at the same age. In 2010, only five out of ten were earning more. While incomes have stagnated for many, economic inequality has risen significantly. The incomes of the top 20%, and even more the top 1% of households, have risen substantially faster than incomes for others. If economic mobility is falling while inequality is increasing, then those who start low on the economic ladder are likely to experience little improvement in their standard of living over their lifetimes, even if they work hard.

As a society, we have been at odds over who is responsible for the loss of economic mobility, and over what to do about it. In recent years, it has become harder for those with very different views and interests on the issue of work and mobility to come together for serious dialogue and a search for solutions. In particular, it has been challenging and rare to bring together employers, low-income workers, labor unions, and other worker groups, as well as employment and training experts with a stake in the issue to seek common ground. The voices and lived experience of low-income people are often absent from national conversations about economic issues, and business perspectives are often missing from conversations centered on poverty reduction.

We urgently need to come together for honest discussion and a search for shared solutions. If work continues to lose strength as an engine of upward mobility, we will see more disengagement and despair among those who see no way forward; more challenges for business and the economy as inequality and stagnant incomes undercut economic growth; and greater social and political turbulence as more Americans are angered by limits on their opportunities. Conversely, if we are able to strengthen the combined efforts of workers, employers, educators, communities and governments, we can make work a powerful force for upward mobility for those lower on the economic ladder.

As a diverse group representing workers, employers, historically disadvantaged groups, education and job training providers, government service agencies, community-based organizations, and policy advocates from across the political spectrum, we have come together and agreed on a set of principles, a framework of actions, and specific proposals for renewing economic mobility through work. We share them because we believe they will work; to show that we can collaborate across our differences for the benefit of the American workforce, our economy and our society; and to mobilize a broader set of stakeholders to continue this conversation and build on the progress our group has made.

ELLIE BERTANI, WALMART

"I don't think I've been in a room with such diverse, thoughtful people since graduate school. Walmart is going through a lot of changes, and I hope you all know how tremendously influential this group has been. Thank you all for teaching me and helping Walmart grow."

## Who We Are

**This dialogue began when Convergence, a non-profit, non-partisan organization that supports dialogue leading to action on challenging public issues, convened us to see if we could agree on ways to renew the power of work as an engine of economic mobility. We are a group of 28 American leaders and experts including major employers and small business perspectives, labor unions and other worker advocates, right- and left-leaning think tanks and advocacy groups, innovative non-profit service providers, higher education and philanthropy. While no stakeholder group of this size can lift up every perspective, our table includes remarkable diversity across race and gender, sector representation, lived experience, policy thinkers and on-the-ground doers.**

We hold diverse and sometimes opposing ideological views and recognize that authentic differences can be held in good faith even as we develop greater understanding and seek breakthrough solutions.

At the outset, we agreed to seek common ground on answers to the question: How can work become a stronger engine of economic mobility for lower income workers? Our group convened roughly once per quarter over 18 months in person, with many working group conversations taking place between meetings. We moved from initial trust-building and creating shared principles to the hammering out of specific proposals.

Using deep dialogue, joint review of evidence, sharing of best practices, listening sessions with people facing barriers to opportunity, and collaborative negotiation to bridge differences, we have reached consensus on principles linking work and economic mobility; key challenges facing lower income workers; a framework to meet those challenges; and specific proposals for action. Reflecting our approach, group composition and the interlocking nature of these challenges, we offer solutions that include bipartisan public policy proposals, as well as proposed actions for the private sector and cross-sector partnerships. We call for the design and implementation of these solutions to include the voices and lived experience of low-income individuals and families.

While we have addressed many important issues, we recognize that some critical elements that contribute to economic opportunity were beyond the scope of our group's expertise and focus: macroeconomic policy goals, public transportation and urban planning, affordable housing, health care, and retirement savings. We encourage further dialogue that links our work with ongoing efforts by others to make progress on each of these issues.

It is important to note that we support this set of solutions as individuals. Our organizations have not formally endorsed this report, and our organizational affiliations are listed for information only. It is also important to acknowledge that our combined support is strongest for the principles and the framework, and that we do not have unanimous agreement on all recommended actions in the report. Nonetheless, we are united in our call for policy makers, business leaders, workers and their representatives to adopt the principles and the framework we offer, to give serious consideration to all of our recommendations, and to act on those that meet shared goals.

After many months of collaborative work and sometimes difficult conversations, we are excited to offer this report as a strong demonstration of the power of constructive, collaborative dialogue to generate new ideas and develop common ground on divisive issues. We are also committed to continuing the conversation we have begun in this process, to seek solutions on the issues that still divide us, and to help others work together to make urgently needed progress. We hope more leaders tackle challenges going forward through a multi-stakeholder, collaborative approach.

## Principles Linking Work and Economic Mobility

**First, we agreed that the following principles should guide public and private action on work as an engine of economic mobility:**

- + **Working with dignity for a decent income** is central to a good life in our society. Work is also a primary way to meet our personal, social and economic responsibilities. Therefore, all Americans should have the opportunity to work to their full potential.
- + **Participation in the workforce** should provide all workers with substantial opportunities and supports for increasing their skills, capacities, income and assets over time to facilitate upward mobility.
- + **Work, supplemented by supports and benefits**, should provide sufficient income, economic security and stability for workers and their families to live in dignity.
- + **Public policies, private practices and social norms** should remove barriers to work created by place, race, class, gender, disability, age and other circumstances.
- + **Responsibilities related to work and returns from work** should be shared appropriately among workers, employers, government, and society.
- + **Employers are critical partners** in creating work opportunities, promoting economic mobility, and building workforce capabilities.

MAUREEN CONWAY, THE ASPEN INSTITUTE

**“This report does not just focus on one idea, but on a package of ideas and how those work and interact with each other. Imagine the possibilities if we conduct this sort of thinking in policymaking on a variety of levels.”**

## A Framework for Renewing Work's Contribution to Mobility

The group sees many opportunities to help workers and employers meet these challenges with solutions that will benefit families, businesses and our country as a whole. Specifically, we have developed a framework that responds to the challenges above with a diverse range of public and private actions and innovative ideas that are profoundly important for renewing work's contribution to mobility.

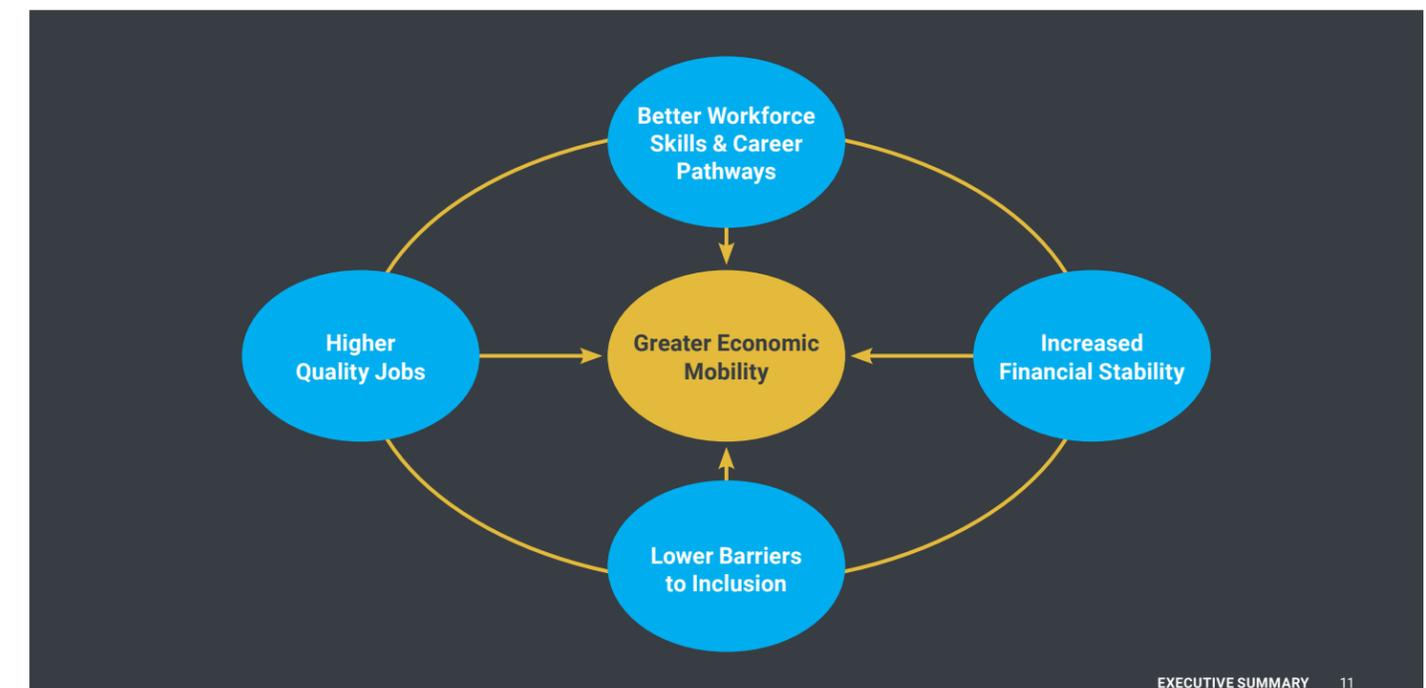
Each of the actions is critically important, and all of them are interconnected. We need to undertake and coordinate them at every level, from local to national.

**1.**  
Strengthen our **systems and incentives for skill building, career exposure, job search, hiring, and advancement**, starting in youth and continuing through adulthood, and broaden them to create more career on-ramps and pathways.

**2.**  
Improve **job quality for lower-wage workers**, including income from work; paid leave, child care; flexible, predictable schedules; and inclusive work places.

**3.**  
Increase **financial stability and security** through childhood savings accounts, financial literacy, employer- and community-supported emergency funds, and tools that reduce income volatility.

**4.**  
Reduce the most significant **barriers to work for people who have experienced discrimination, long-term unemployment, or have criminal records**.



### We then reached agreement on this set of serious challenges facing lower income workers:

**1.**  
Many people face multiple barriers to entering and re-entering the workforce; have inadequate skills when they enter; cannot use the skills that they do have; and have few on-the-job opportunities to build skills that contribute to mobility. They struggle to find pathways to opportunity, with combined chances to earn and learn, to succeed in a dynamic economy. Building those pathways is hampered by limited engagement between employers, schools and training providers.

**2.**  
Many workers and families with low-income jobs lack key supports and assets needed for stable employment and financial security (child care, sick leave, predictable schedules, transportation). Many employers, including small businesses, would like to do more but face hard choices in competitive markets. Federal, state and local governments currently provide a patchwork of income supplements and services, which often do not meet the basic needs of workers and families in lower wage jobs with few benefits.

**3.**  
Many workers and families have inadequate savings to deal with emergencies or challenging life situations when they arise and must leave their jobs to provide or receive care, or because they cannot afford to replace key assets needed for work. Income volatility is a huge challenge for many Americans, creating a vicious cycle where inability to meet needs outside of work and job insecurity make it difficult to build the assets that could enhance financial security.

**4.**  
Many people face significant barriers to employment, including discrimination, inappropriate weight given to criminal records, irrelevant requirements for specific educational credentials, and assumptions about physical requirements. These barriers are often intended to reduce risks or costs to employers, but are often not predictive of worker performance.

**These four are not the only challenges, but this group believes they are among the most important. In combination, they are making it very difficult for millions of Americans to use work as an engine of economic mobility. As a result, our economy is less productive, inequality is rising, and our society is more polarized.**

BOSTON LISTENING SESSION

*"This is not just a job for me;  
this is a job for my family."*



JOHN CARR, GEORGETOWN UNIVERSITY

“[Economic mobility] is a big problem, but something remarkable has happened—a group of people from different places have agreed on guiding principles. This isn’t simply a menu of what we’ve put together. We’ve really worked to find common ground.”

## Proposals in Each Area

While we do not have full agreement on exactly how best to move forward in each action area, we have developed specific proposals that we believe merit serious consideration by policy makers, business leaders, workers and their representatives, and other cross-sector leaders.

# 1.

## Build on-ramps to the workforce and reduce barriers to employment.

### We recommend that:

- + School systems, community colleges, training programs and employers dramatically strengthen partnerships in career readiness and work exposure during high school and post-secondary education, building on best practices around the country, so that young people entering the workforce can demonstrate valuable skills with real-world work experience.
- + Employers, credentialing systems and training programs improve labor market matching through employer-informed credentialing programs to ensure employers a well-qualified and stable workforce pipeline; and take up best hiring practices that are much more effective than traditional resume/interview/background check approaches in assessing candidate abilities relevant to the particular job or career path.
- + Government, in partnership with employers and service providers, ensure that more workers can access unemployment protections that provide greater economic security during times of joblessness, mitigate the effects of economic downturns, and connect more workers to effective re-employment services.
- + Federal and state governments reduce risks and increase incentives for employers to hire and retain people re-entering the workforce from long-term unemployment, incarceration and other challenging life situations, by providing transitional jobs, subsidized wages, supporting services, and coaching to re-entering employees, as well as enforcing civil rights protections, in exchange for employer commitments to hire and train those employees.
- + First-time employers, other employers and education and training organizations collaborate to increase entry-level workers' access to higher-skill, higher-wage jobs through partnerships that create pathways from entry-level employment through skill building to higher level employment in the same metro area/region.

# 2.

## Improve job quality for lower wage workers.

### We recommend that:

- + Business leaders, worker representatives and policy makers explore and adopt strategies to raise and supplement incomes for workers, considering the principles and options that we present in this document.
- + Federal, state and local governments adopt policies and make investments to increase the availability of affordable, quality child care.
- + Employers and workers collaborate to develop best practices in scheduling systems to provide predictability and flexibility for both parties, including clear, shared expectations on the number of hours to be worked in a given time period.
- + Employers ensure that workers have a meaningful role in employers' decisions that affect their working conditions, wages, hours, and opportunities for advancement.
- + Employers and workers not only respect legal obligations, but also make and uphold commitments to ensure non-discrimination and freedom from harassment, and to enhance diversity, equity and inclusion in the work place.
- + Congress consider and pass legislation ensuring that workers have a reasonable amount of annual paid sick time/paid time off.\*



KIMO KIPPEN (FORMERLY AT HILTON HOTELS)

“From an evidence-based standpoint, more companies are revamping their entire approach to scheduling and it’s having a huge impact for retention. Some are moving to now providing schedules to hourly workers two weeks in advance. This has had a major impact on workers’ lives and boosted morale. A total game changer that’s good for business and employees.”

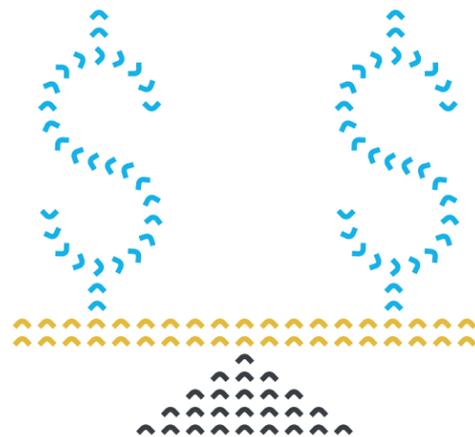
\*We strongly believe that federal legislation on paid sick time would be a major advance in quality work for millions of lower income workers and would remove a significant obstacle to upward mobility. At the same time, there are outstanding questions among us about whether and to what extent this legislation should (1) exempt small business (an idea with support among many in our group) and (2) pre-empt state and/or local legislation (an idea on which there is still substantial disagreement). We provide more detail on key considerations regarding paid sick time in the Quality Work section of the report.

# 3.

## Increase financial stability and security for lower wage workers.

### We recommend that:

- + State governments create universal children's savings account programs that are designed with the goal of equitable outcomes. These children's savings account programs should be supported by state and community organized parental engagement, business and philanthropic investments in incentives, and financial education in schools.
- + Governments and employers work together to develop new financing mechanisms that reduce the cost of skills training for workers, so that they are able to build skills without jeopardizing financial security.
- + Governments establish mechanisms for emergency savings through the EITC (Earned Income Tax Credit), reduce barriers to saving through reforms to asset limits for those receiving income supports, and facilitate the portability of benefits for an increasingly mobile workforce.
- + Employers offer financial wellness benefits that address both short-term financial instability and long-term financial security.
- + Community-based organizations can support mechanisms that increase access to and transparency of available emergency resources and other benefits.



### SAN FRANCISCO LISTENING SESSION

“Ideally, a good job is a place that values not only your work and what bring to the table for the company, but a place that values you as an individual and person—a place that is focused on human development not only in the capacity of working for the organization but taking account the personal goals, wants, and needs of an individual worker.”

# 4.

## Remove barriers to work for key populations.

### We recommend that:

- + Employers substantially reduce the use of current job applicant screening tools, including checks on criminal records and credit histories and drug use that are not demonstrably effective in predicting job performance, and increase use of innovative assessments focused on skills and abilities that best serve employer needs and capture applicant qualifications.
- + State governments remove or reduce occupational licensing barriers for people with criminal records that are unnecessary for public safety.
- + Employers promote inclusive hiring processes to ensure equitable access and consideration for persons with disabilities, those transitioning from long-term unemployment, and those with criminal histories.
- + Education and training institutions actively partner with employers to create pathways to part-time or full-time jobs for minors who are legally employable.

### LISA SCHUMACHER, MCDONALD'S

“McDonald's continues to invest in U.S. restaurant employees, through the Archways to Opportunity program that recently expanded to help more people access education and training as they climb their own chosen career ladder. The recommendations from this Convergence dialogue are aligned with these investments as our group found solutions that meet the needs of employers while strengthening access to opportunity for workers. With our recent \$150 million investment over 5 years, we are excited for more restaurant employees to learn English language skills, receive high school diplomas, upfront college tuition assistance, and free education advising that we know will increase their long-term economic mobility.”

The path forward requires strong engagement from the private sector, lower wage workers, government and communities. We can innovate to create effective public policy and private practices, based on good data and reflecting our shared and complementary goals. Our authentic differences in perspective should not prevent us from seeking deeper mutual understanding and forging solutions. Our group has shown that we can set aside ideological barriers, engage in creative dialogue, and generate real solutions. Together, we can create greater opportunity, security and prosperity for the next generation of American workers.

We need more dialogue and collaborative problem-solving where stakeholders build trust and deeper mutual understanding. We call for others in government, business, labor, the non-profit sector, higher education and philanthropy to join us in taking action to make work a powerful engine of economic mobility for all Americans.



# Workforce Proposals

**Creating greater economic mobility through work requires close partnerships and shared investments between the public and private sectors. These partnerships and investments can and should build business and economic competitiveness and also create career pathways and economic stability and growth for people from all segments of our communities.**

Over the last few decades, changes in the structure of the labor market, wage polarization and growing inequality, the decline of unions and disinvestment in public education and skills training have created skills gaps and deficits that keep people out of solid jobs and prevent employers from growing strong businesses. However, evidence-based practices in workforce development and training have proven effective in closing skills gaps, strengthening local economies and moving individuals from poverty to middle-class lives. These core principles and practices include:

- + Demand driven: Close planning by education and training providers with employers for demand-driven skills training that meet hiring needs, adapts to rapid changes in technology, and reflects the unique attributes of local and regional economies.
- + Lifelong learning for the 21st century economy: skill building for quality entry-level jobs and continued opportunities for skills development to enable advancement along career pathways and lattices. This includes innovative employer investments in skills as well as supports for workers to obtain credentials and degrees.
- + Work-based learning: apprenticeships, internships and work experience for youth and adults to develop and practice skills in real-life settings and gain exposure to a wide array of jobs and careers.
- + Cushioning for periods of unemployment and time out of the labor market: income supports that reflect the realities of the labor market, including gig and contract employment and access to quality skills training that responds to scheduling and family demands.

- + Targeted strategies for people with barriers to employment: specialized work skills development and placement for those with histories of incarceration, disability, displacement and poverty, as well as limited skills, including English language skills.
- + Adequate public and private investment in education and training: increased federal, state, local and private investment in skills training to respond to increasing labor market demand for new skills.

**To build on these core principles and practices, we developed a set of recommendations that help people:**

1. Get into the workforce and onto career pathways
2. Remove barriers to getting back into jobs after periods out of the workforce
3. Move up the career and income ladder

## 1.

### **Get More People into The Workforce and onto Career Pathways**

#### **Create an integrated continuum from K-12 to Higher Education to Employment**

High school education has become a less secure stepping stone on the pathway to individual economic security. The US economy will create 16 million New Collar jobs by 2024—positions requiring

postsecondary degrees, though not necessarily a four-year college degree. As the demand for higher skill jobs increase, nearly seven million jobs requiring only a high school diploma disappeared between 2008 and 2016. Youth and young adults need a higher level of skills to fill the knowledge based jobs of today's economy.

What's clear is that the burden of preparing workers cannot be the sole responsibility of schools. A fully prepared workforce requires a multifaceted and integrated response. Employers, educators, and government and community leaders cannot proceed in silos, but rather must collaborate, with each contributing its specific expertise and its resources, to solve complex employment needs and prepare the new generation of workers for 21st century jobs.

Throughout the US, there are effective, proven programs, championed by public-private partnerships, designed to strengthen education and employment opportunities for young people, from school-based programs to apprenticeships. One challenge of robust programs like these is ensuring that young people are prepared for these opportunities when they present themselves, and that once they complete them, they have another significant opportunity awaiting them that will enable them to maintain a positive trajectory. The second challenge is replicating these programs so that they go from boutique opportunities to systemic ones, benefiting millions of young people, rather than just a lucky few.

By including employers, educators can ensure that they are preparing students for both college and career success. With guidance from employers on skill needs, coursework for all students can be designed to ensure students gain the skills and knowledge they will need for the 21st century workforce. These skills include the professional skills that employers state they need most, and what all young people require to become the next generation of contributing citizens and leaders: communication, problem solving, critical thinking, and flexibility.

Beyond sharing necessary skills, employers play a critical role in helping nurture those skills in young people. Employers can work closely with college and high school faculty to connect academic content

to real-world situations, making learning more engaging and helping students better understand abstract concepts. Employer involvement also can include sustained and evolving opportunities that span the arc from exposure to application to employment. Exposure activities include mentoring by professionals, worksite visits and job shadowing, while application includes paid internships and apprenticeships that lead to jobs, ongoing education, or both. Ultimately, by creating a seamless system, education and employers create a community and a culture among the students that supports their long-term goals and helps students stay on track.

**An Example:** The P-TECH 9-14 School Model—The P-TECH 9-14 School Model began as a unique collaboration among the New York City Department of Education, The City University of New York, the New York City College of Technology (City Tech), and IBM. While beginning in one school in Brooklyn, New York, the collaborators' intent was never to create a single successful school. It was to create an innovative, fully replicable model that would, through public-private partnership, create supported pathways to college completion and career success. In six years or less, students graduate with a high school diploma and a no-cost, two-year associate degree in a growth industry field. Each P-TECH school works with a corporate partner or partners and a local community college to ensure an up-to-date curriculum that is academically rigorous and economically relevant.

### Update Legislation that Guides Career and Technical Education

#### Reauthorize the Carl D. Perkins Career and Technical Education Act Perkins Act

One reachable goal is the opportunity to Reauthorize the Carl D. Perkins Career and Technical Education Act (the Perkins Act) as soon as possible. Reauthorization would enable the use of federal funding as an incentive for reform nationwide on Career and Technical Education (CTE) programs, to incorporate many of the reforms that are needed. The bill has passed

the House, and is now awaiting action by the Senate Committee on Health, Education, Labor and Pensions.

The legislation focuses on areas where improvements can be made to current law, building upon its past successes and enhancing aspects to better serve both workers and employers. **A renewed and updated Perkins Act should:**

- + Align CTE programs to the needs of the regional, state, and local labor market;
- + Support effective and meaningful collaboration between secondary and postsecondary institutions and employers;
- + Increase student participation in work-based learning opportunities; and
- + Promote the use of industry recognized credentials and other recognized post-secondary credentials.

### Launch a High-Demand Career Pathways Innovation Fund

Many young adults are not making it onto the first rung of the career ladder. According to the Bridgespan Group in their research *"Billion Dollar Bets" to Create Economic Opportunity for Every American:*

*"Today's US labor market is failing low-income and minority job seekers. Low-income and minority candidates often face significant barriers to securing family sustaining wages and benefits. From failing public school systems, to misalignment of workforce development programs and the needs of employers, to cultural and racial biases in the workplace, these impediments produce poor outcomes for both communities and employers who are unable to fill critical roles."*

Career Pathways programs offer integrated education, experiential instruction and industry-aligned training that is organized as a series of steps leading to

successively higher credentials and employment opportunities in growing sectors. These types of programs have demonstrated success in multiple industries and communities across the country.

We recommend that the federal government create a High-demand Career Pathways Innovation Fund as a competitive grant to cities, counties, and regions to support (1) piloting new programs or (2) scaling successful models. These grants would go to a community-based workforce development provider working in partnership with employers and a local higher education institution.

The goal of newly created programs will be to place participants in career-oriented jobs and education programs in a growing industry that yields portable credentials and leads to long-term self-sufficiency. Programs that have already produced positive results for three years can apply to expand their geographic area through new partnerships and sites, with the same sectoral focus. The target population should include young adults not in the labor force, ages 16-26.

#### Eligible programs must include:

- + Workplace skills training that covers communication, collaboration, and critical thinking,
- + A career pathway introductory curriculum developed in collaboration with employer partners,
- + Wraparound support and case management to connect students with needed services that promote stability (like child care or transportation) and assist with personalized career planning,
- + Experiential learning through site-based classes, career forums with professionals, internships, externships, and apprenticeships,
- + Employer partners with sufficient annual job openings to hire at least 30% of the program's graduating cohorts (actual hiring will depend on the graduates' preparedness for existing jobs), and
- + Post-completion follow-up for at least one year.

For example, Career Network: Healthcare is a career development program in the South Bronx that helps young adults secure healthcare-related employment and/or education credentials. Phipps Neighborhoods has partnered with Montefiore Health System and Hostos Community College to provide career exploration and experiential instruction focused on the participants' interests. The goal of the Career Network: Healthcare program is to successfully place participants in career-oriented jobs and education programs that yield portable credentials and that lead to long-term self-sufficiency. Such jobs might include: nursing (home health aides, certified nursing assistants, licensed practical nurse, patient care technician), allied health (restorative aide, physical therapy aide, surgical technician, clinical lab technician), and other healthcare related roles (sterile process, patient transport, environment and dietary support services, medical secretary).

## 2.

### Remove Barriers to Work and Build Pathways Back to Employment

#### Use the Right Credentials to Better Align Applicant Abilities and Employer Needs

In order to produce better workforce outcomes for low-income and disadvantaged populations, skills training and credentialing needs to be better aligned with business and industry demand. This requires, however, that employers are able to signal effectively and clearly what their demand is and who they source talent from. In order to understand employer demand, a wide variety of public-private partnerships have promoted employer engagement strategies that include reviewing and validating labor market information provided by the state or federal government, or real-time labor market information vendors. However, these employer engagement strategies have consistently come up short in being able to stay on top of changing and shifting employer demand in a dynamic economy.

Achieving better alignment of education and workforce systems with in-demand jobs and industries will require that employers more effectively signal their changing talent demands to education and workforce partners. Better alignment requires first that employers better organize themselves and their demand in ways that produce consistent and scalable signaling of employers' workforce needs and priorities. More than an employer engagement challenge, the business community must play a lead role in (1) organizing new employer collaboratives that are by business, for business and are designed to manage performance-based talent supply chains for their most critical jobs; (2) signaling the competencies and credentials that are in demand in today's workforce; and (3) recognizing or endorsing preferred and trusted education and workforce providers that are best able to meet their workforce needs, perhaps through sector partnerships.

For example, the U.S. Chamber of Commerce Foundation (USCCF) recently launched the Talent Pipeline Management (TPM) movement as a way to reboot and reinvent employer leadership in education and workforce systems and most recently launched the TPM Academy as a train-the-trainer program designed to build capacity and provide technical assistance to organizations that are convening employers around workforce challenges. In addition, USCCF is launching a new "job registry service" that will help employers signal dynamic, linked, and structured competency and credentialing language around their hiring requirements in ways that are interoperable with learner record and credentialing systems. Lastly, in addition to transforming how employers communicate workforce priorities and demand, they can also signal where they source talent from. This can be done in ways that build off the Manufacturing Institute's M-List, which identifies those training providers that meet the manufacturing community's workforce training needs.

One example of an emerging model is TechHire, a national network of communities working to create pathways for overlooked and underrepresented Americans to **gain skills and access to open technical jobs across the country**. Community leaders in these TechHire communities across the

country—including local workforce boards, employers, educators, community-based organizations, and civic leaders—have joined hands to create access to tech training and employment within their cities, states, and rural regions. Community partners across the nation provide vital employer feedback to training providers teaching overlooked job seekers in-demand technical skills. TechHire employer partners are committed to giving individuals a chance to show what they can do by using targeted assessments rather than traditional applicant scanning that often relies only on resumes.

#### Establish a Jobseeker's Allowance

Two-thirds of Americans will experience at least one year of unemployment either themselves or indirectly through their household head during their working years. Yet, only about one in four unemployed workers receives unemployment insurance (UI) to support them in their search for a new job. While we have different opinions on strengthening and expanding unemployment insurance to cover more workers, we are in agreement that the adoption of a "Jobseeker's Allowance" (JSA) would be an appropriate strategy to fill in the gaps for workers who do not qualify for UI. In response, we recommend adoption of a "Jobseeker's Allowance" (JSA).

The Jobseeker's Allowance is a small, short-term weekly allowance to support work search and preparation. The JSA would be a parallel and complementary program to UI but would differ in terms of the populations it serves, the benefits and services it provides, the criteria required for eligibility, and its administration and financing. The JSA would offer a stipend of about \$170 per week to jobseekers for up to 13 weeks, replacing approximately 50% of the wages of a typical low-paid worker. While JSA's weekly benefit would be quite modest relative to UI—and its job-search requirements at least as stringent as UI—the JSA would encourage workforce participation, support geographic labor mobility, and promote family stability and social cohesion. It would also be an important countercyclical tool during economic downturns.

The JSA would provide an incentive and support for individuals with limited or no recent work history to reconnect with or newly attach to the labor force. Supports would include counseling, employer referrals, and training and education opportunities. All JSA applicants would be screened upon application to determine individualized placement into one of two program pathways for meeting the employment-related requirements: job search and career ladders or individualized mobility strategies. The majority of placements would likely be in **Path One**, which includes job search supports and connections to career-specific training and education opportunities.

A smaller subset of individuals facing significant barriers to work, including but not limited to those experiencing homelessness, people with disabilities requiring services, and survivors of domestic violence would be routed to **Path Two: Individualized Mobility Strategies**. In this path, the 13 weeks of JSA benefits would provide the option of engagement with a program navigator to connect the participant with appropriate wraparound services, such as mental or behavioral health services, which would be available to jobseekers. This is beyond the work supports provided under path one—such as child care and transportation assistance. Because this population may need more time to secure employment, they would be eligible for a longer duration of benefits, and work with a navigator to develop an individualized plan to overcome the participants' barriers to employment and prepare them for work in the medium- to long-term. In both paths, participants would have access to legal help with services such as expungement or pardon of a criminal record or conviction, improving credit reports, and other needed legal services to help remove barriers to employment.

#### Remove Barriers to Employment for Formerly Incarcerated Individuals

A staggering 70 million to 100 million Americans—one in three American adults—now have some type of criminal record. Having even a minor record, such as a misdemeanor or even an arrest that never led to conviction, can be a lifetime sentence to poverty.

Criminal records stand in the way of nearly every building block of economic security and mobility—most notably, gainful employment.

Given that many individuals with more severe criminal histories often come from communities lacking in access to opportunity with fewer socioeconomic resources, a criminal record further exacerbates the problem. These obstacles are even more pronounced for people of color who face discrimination within and outside of the criminal justice system.

Each year approximately 650,000 people return home from incarceration and more than 95% of the 2.1 million people currently incarcerated today will return home during their lifetime. However, research from the Bureau of Justice Statistics shows that nearly two thirds of these individuals will be rearrested within three years of their release. Gainful employment, safe and stable housing, and skill-building through education and training are proven to greatly shrink recidivism and put people with records on the path to successful reentry.

Therefore, in order for the U.S. to address its mass incarceration crisis and put second chances within reach—as well as dramatically reduce poverty and expand opportunity—policymakers should: (1) remove employment barriers for people with criminal records and (2) increase workforce development and skills training resources for formerly incarcerated individuals and people with records.

### Removing Barriers to Employment for Jobseekers with Records

While access to criminal records was unusual a generation ago, today background checks have become a near-standard part of the hiring process. Today, an estimated 87% of employers conduct criminal background checks on their applicants. Surveys of employers confirm that a criminal record is a powerful hiring disincentive. Jobseekers currently on probation or parole are the most likely to be excluded from consideration. And most employers report unwillingness to hire anyone who has served

prison time. As a result, some 60% of formerly incarcerated individuals remain unemployed one year after release—and for those who do find steady work, an incarceration record can greatly diminish earning potential. By age 48, average lifetime earnings for formerly incarcerated men are \$179,000 less than for non-incarcerated men.

Importantly, while more serious records as well as prior incarceration can pose special employment barriers, employer survey research also confirms that no criminal record is too old or too minor to stand in the way of a jobseeker's consideration—including misdemeanors and arrests that never led to conviction.

#### We recommend:

+ **“Clean Slate” (Automatic Record Sealing):** Fair chance hiring (often called “ban the box”)—based on the 2012 Equal Employment Opportunity Commission (EEOC) guidance on employer consideration of criminal records—has been shown to boost hiring of qualified jobseekers with records, particularly in the public sector. But the most powerful strategy to reduce barriers to employment for these shutout workers is to enable them to clear their record through expungement or sealing.

With social science research on “redemption” documenting that once an individual with a prior nonviolent conviction has stayed crime free for three to four years, that person's risk of recidivism is no different from the risk of arrest for the general population, there is growing bipartisan agreement that it makes no sense to treat people as “criminals” long past when they pose any meaningful risk of committing new crimes.

States should follow emerging bipartisan models that would enable people with qualifying minor records to earn a “clean slate” (have their record automatically sealed) once they have remained crime-free for a certain period of time. This new strategy is particularly important to help people unable to afford a lawyer—or unable to secure scarce free legal help—clear qualifying records; currently a great many are unable to access expungement/sealing remedies due to lack of legal help.

+ **Occupational Licensing Reform:** Today, nearly 1 in 4 U.S. workers requires a government license or certificate as a condition of working in their chosen field. Yet more than 40,000 types of licensing bans across all 50 states erect unnecessary and often unjust barriers to employment, putting jobs in the nation's fastest growing occupations and industries, including healthcare and transportation, out of reach entirely for people with records. Importantly, many of these sectors currently face skilled worker shortages that would be lessened by such reforms. Bipartisan momentum is growing in support of common-sense reform of occupational licensing laws and regulations with reforms now taking hold in states as diverse as Georgia, Illinois, Kansas, and Texas.

### Use Creative Subsidized Employment Models

For many jobseekers, including youth, those needing various types of assistance, and those described above seeking jobs after a period of incarceration, there is a risk that a job may not work out due to various obstacles, such as lack of child care, transportation, and/or work experience. A proven tool to address this reality and to share the risk with employers is subsidized/trial employment agreements, developed between employers and workforce agencies and/or their contractors. The goal is to underwrite all or part of the wage for an agreed upon period of time (varying between 3-9 months) and with clear expectations that the employer, based on evaluation of the worker, will convert the job to an unsubsidized position. Keeping the subsidy period short and including reasonable expectations discourages employers from using the subsidy as a revolving door of free labor, especially when they would have otherwise made the hire.

The subsidy can come from several sources of funds used singularly or in tandem such as a grant diversion or a subsidy through public funds that have been appropriated specifically to operate a wage subsidy program. Members of our stakeholder group hold varying views on the appropriate funding source with some open to grant diversion and others opposed.

This simple construct, however, poses risks to employers. Employees hired under a subsidized employment agreement often have less job experience and familiarity with workplace expectations than other potential employees. Therefore, subsidizing their wage becomes an equalizer in the hiring process, and the risk to the employer is being underwritten as their skills and adaptation to the job are measured.

**Benefit to the Client and Employer:** The benefits to the client are numerous. They are in the workplace gaining experience and being paid through a regular payroll check, and they gain specific skills related to the occupation. If the employer offers benefits to its non-subsidized employees, the client can receive the same or similar benefits financed by the wage subsidy. The subsidy allows the employer a trial period to evaluate the individual, whom they might not otherwise have hired, prior to deciding whether to retain them on an unsubsidized basis.

**Relationships Are Crucial:** Critical to success is a strong and trust-based relationship between agencies that administer subsidized work programs and employers, a clear understanding of the employers' precise needs, and a job development component that can best match clients to specific jobs. Agencies can also maximize other subsidies to employers by helping them gain easy access to applicable Work Opportunity Tax Credits, and by making sure employees have access to available low-income tax credits, like the EITC.

**Proven Results:** A study of five TECF (TANF Emergency Contingency Fund) subsidized jobs programs (in Florida, Mississippi, Wisconsin, Los Angeles, and San Francisco), done by the Economic Mobility Corporation (EMC), demonstrates the clear successes of helping disadvantaged individuals increase their incomes during hard economic times, as well as improve their chances of finding permanent employment when the subsidy expired. The EMC report notes that, “while the goals and structures of the TANF Emergency Fund-Supported Subsidized Employment programs varied by jurisdiction, they generally sought to create job opportunities for unemployed individuals so that they could earn

immediate income and build experience and skills. Many programs also sought to reduce the costs and risks to employers of hiring during a slack economy and to stimulate local economies.”

**Additionally, EMC’s report stated that:**

- + Participation in subsidized employment programs led to increases in employment and earnings.
- + The programs were especially effective for the long-term unemployed.
- + Employers reported hiring more workers than they would have otherwise, and workers with less experience than their usual hires.
- + Most participating employers reported multiple benefits from the program, including expanding their workforces, serving more customers, and improving their productivity.
- + The majority of jobs created would not have otherwise existed.

**Key barriers addressed by this approach:**

- + Unemployment remains high for many disadvantaged and displaced groups who have simply left the workforce. While the national unemployment rate has declined significantly, the jobless rate is much higher for teenagers, individuals with criminal records, workers without any postsecondary education, African-Americans, and other groups that have difficulty finding jobs even when economic conditions are good.
- + Transitional Jobs programs targeting people recently released from prison can reduce recidivism. These programs can also reduce welfare dependence and increase payment of child support by non-custodial parents.
- + While earlier subsidized employment programs focused on public sector employment, recent subsidized employment programs have sought to place participants in jobs in the private sector, potentially fertile ground for future success.

**3.**

**Move More People Up the Income and Career Ladder**

The sections of our report focused on increasing access to quality jobs and building greater financial security for lower-wage workers speak powerfully to this challenge. With regard to workforce solutions, our group recommends an exciting idea and call on leaders across sectors to pilot this notion in communities around the country.

**Launch a Groundbreaking Sustainable Workforce Model**

Many first-time employers, like McDonald’s, Hilton, and Walmart, provide both training in critical job-readiness skills and access to formal education credentials, such as a high school diploma and a college degree. Partnerships between these employers and local Workforce Development Boards (WDB)/Workforce Investment Boards (WIB), and/or other employers in a specific area, could create powerful career pathways for local residents.

We recommend piloting such partnerships, pairing first-time employers who are supporting their workforce in building skills and credentials with other regional employers where those employees might eventually work, to build a clear pathway that benefits all involved.

**Such a partnership might be based on actions like these:**

- + WDB/WIB identifies current and future critical job skills shortages and high growth industries in their local community.
- + Local employers identify current or projected hard-to-fill roles.
- + WIB identifies training and/or credentials required for current and future skills shortages and high growth industries.

- + First-time employers communicate potential career paths to employees.
- + First-time employers, WDB/WIB, and local employers leverage relationships with higher education institutions.
- + Employees take advantage of company-sponsored education programs and WDB/WIB programs to secure necessary credentials to pursue identified career pathways.

**Benefits of partnership include:**

- + Employers seeking to fill openings for skilled jobs have access to a pool of candidates with job-ready skills.
- + Employees gain job-ready skills and access to a company-sponsored education.
- + First-time employers improve retention and engagement during the time in which employees are attaining credentials.
- + First-time employers improve recruitment efforts by demonstrating that these types of jobs provide access to career pathways within a local community.
- + WDB/WIB programs prepare employees for in-demand careers, while providing local employers with hard-to- fill job openings with applicants/ employees.

We support testing this idea through an initial pilot or pilots in targeted communities in partnership with the local Workforce Development Boards. WDBs, first-time employers and employers seeking to fill positions would need to come together to identify current and future critical job skills shortages in their local community and outline required credentials for those positions. First-time employers would communicate current and future job opportunities, required credentials and information on company-sponsored education programs to their workforce. Hiring companies would provide “preferential” treatment to candidates coming from first-time employer pool.

**Conclusion**

We must ensure that America’s education and workforce training systems meet the demands of our students, employees of all ages and employers. A great deal is at stake: individual opportunity and economic mobility; a productive workforce and robust economy; and a country that can compete in the global economy. Accomplishing these goals will require leadership from all levels of government, and from business, philanthropy, and educators working much more closely together.

## Section II

# Quality Jobs Proposals

**For a job to enable economic mobility, it must provide sufficient, stable income, and supports for advancement. While we have a range of views on the definition of “quality work,” we agree on several elements that are essential for work to provide the basis for upward mobility:**

- + Income that is sufficient to meet costs of living, and is steady and predictable enough to provide financial stability.
- + A combination of work supports, benefits, and policies that enable full participation and contribution on the job, and enable workers to meet their responsibilities to family and community outside of work.
- + Non-discrimination, inclusion and meaningful opportunities for worker input in the workplace.
- + Access to capability- and skill-building opportunities that lead to higher wages.
- + Removal of barriers to entry and reentry to the workforce.

Business, government and workers have mutual, ongoing obligations to create quality work for all participants in the workforce. Improving work quality requires action not only in the work place, but also in the community. Adequate, affordable health care, child care, transportation and housing are important complements to adequate incomes and work-based benefits and skills. They also remove barriers to work. Therefore, solutions to quality work challenges will require significant and coordinated action by private and public actors. We acknowledge that it was beyond our scope and expertise to fully address all of these important complements to work-based income and skills, and we welcome the ongoing efforts of others to address these related challenges.

As a group, we have pushed well beyond the level of shared principles to seek agreement on ways to improve job quality. We have differing views on the right overall balance between government requirements and voluntary action by employers.

Nonetheless, we have found common ground on several priorities that are essential for improving work quality. Specifically, we recommend that:

- + Business leaders, workers and their representatives, and policy makers explore and adopt strategies to raise and supplement incomes for workers, considering the principles and options that we present in this document.
- + Congress consider and pass legislation ensuring that workers have a reasonable amount of annual paid sick time/paid time off.
- + Federal, state and local governments adopt policies and make investments to increase the availability of affordable, quality child care.
- + Employers and workers collaborate to develop best practices in scheduling systems to provide predictability and flexibility for both parties, including clear, shared expectations on the number of hours to be worked in a given time period.
- + Employers ensure that workers have a meaningful role in employers’ decisions that affect their working conditions, wages, hours, and opportunities for advancement.
- + Employers and workers not only respect legal obligations, but also make and uphold commitments to ensure non-discrimination and freedom from harassment, and to enhance diversity, equity and inclusion in the work place.

Following are our views on each of these priorities. We also note that our recommendations on quality work are complementary to our recommendations (elsewhere in this report) on expanding workforce pathways including removal of barriers to work and

providing more tools and supports for financial stability. These ideas work in tandem to facilitate greater mobility, especially for low-income Americans.

## 1.

### Raise and Supplement Incomes for Lower Wage Workers

Wages from quality work (with public income supports and supplements where necessary) should provide an income sufficient for workers and households to achieve an adequate living standard in the community. Adequate incomes also allow workers to invest time and money in skills training and other avenues for upward mobility. As a group, we agree that many lower wage workers are not earning enough through work to achieve upward mobility; we also agree that both public and private action is needed to increase incomes for lower wage workers. We do not have agreement on increasing the federal minimum wage, but we do agree on the importance of minimum wage requirements, and on the need to consider economic conditions when establishing minimum wages at the federal, state and local level.

#### We recommend these actions to raise worker incomes and living standards:

- + Increase the Earned Income Tax Credit (EITC) by expanding the credit to workers without custodial children.
- + Use public policy and partnerships among public and private actors to increase access to and reduce the cost of key complements to work, including housing, transportation, and health care. The goal should be to increase the standard of living on a given income and enable greater upward mobility, while maintaining and if possible increasing access to, and quality of, these key complements to work. While we recognize the importance of all of these complements to work, we have focused our

attention on child care, as an area where supportive public policy and additional investment can make a major difference for lower income workers in the near term.

- + To help offset the high costs of childcare and other needs of young children, make the Child Tax Credit (CTC) for lower earners fully refundable, eliminate CTC earning thresholds, and/or increase the EITC for workers with children (see also child care, below).

## 2.

### Create A National Standard for Paid Sick Days

Currently, there is no national requirement for employment to include paid sick days. Several states and local governments have passed legislation requiring paid sick days for workers, with eligibility and the amount of sick days available based on hours worked, size of employer, and other criteria. We believe there is value in establishing a national standard for paid sick days, with simplicity in implementation. For employers, voluntary arrangements are preferable to government mandates. From a worker perspective, the primary concern is to have adequate paid days off to deal with illness and other family care commitments outside work, without losing their jobs or essential income. In our group, employer and worker representatives agree that a national standard should act as a floor, not a ceiling, so that employers can voluntarily provide additional paid sick days.

- + With these considerations in mind, we recommend that Congress consider and pass legislation ensuring that employment provides workers with a reasonable amount of annual paid sick days.

Along with a national standard, flexibility for workers and employers to determine the way paid sick days are used is desirable. That flexibility should not, however, create confusion among workers or employers about when paid sick days may be taken,

or about the process for taking those days off and having them paid for by employers. It will be important to couple the establishment of a national standard with robust education and technical assistance for employers and employees to understand their respective rights and obligations.

We strongly believe that federal legislation on paid sick days that meets the criteria we have outlined would be a major advance in quality work for millions of lower income workers and would remove a significant obstacle to upward mobility. At the same time, there are outstanding questions among us about whether and to what extent this legislation should (1) exempt small business (an idea with support among many in our group) and (2) pre-empt state and/or local legislation (an idea on which there is still substantial disagreement).

## 3.

### Expand Access to Affordable, Quality Child Care

Child care is critically important for working parents today. Among all families with children under six, 65% are headed by working single parents or by two working parents. Quality, licensed care is generally very expensive. For parents making minimum wage, the cost of licensed, center-based child care averages 66% of household income. This cost is simply unaffordable for many low-income workers.

The need to work and to contain the costs of child care drives many lower income parents to find lower cost, usually unlicensed day care providers; or to reduce work hours to care for their children, curtailing their opportunities for income and advancement. Research suggests that informal and inexpensive child care may be low quality care, undercutting children's ability to develop the skills they will need to participate fully in tomorrow's workforce. For parents who must stay at home to care for their children, either temporarily when there are gaps in care or longer term when there are no affordable options

for care, the consequences include lost wages and benefits, and lost opportunities for education, training and other investments that could enable mobility.

Voluntary efforts by employers to subsidize the costs of child care and/or to provide child care for employees are worthy of support, but cannot be expected to cover more than a fairly small fraction of workers and rarely reach the low-income workers who need the most help accessing quality childcare. We agree that the primary responsibility for child care provision rests with parents and the public sector. Government policies, investments and income supplements can and should reduce the cost of child care for low and moderate income workers. We call on federal, state and local governments to help lower-income working parents pay for child care. We also call for significant increases in public investments to address the cost, quality and access to care—especially for low-income working families. Among other goals, these investments should aim to raise skills and incomes for the child care work force. Doing so will improve both the quality of care and opportunities for mobility among a large and low-paid workforce that is essential to the care of our nation's children.

To increase the affordability of child care for lower income workers, we recommend that Congress:

- + Expand child care assistance through the Federal Child Care and Development Block Grant, to fund parental choice of care across a range of options—with additional funding to cover the cost of high-quality care, and to reduce the cost of hard to access care (such as care in non-traditional hours, care for infants, and care for children with disabilities or special health care needs).
- + Target the Child and Dependent Care Tax Credit more directly on lower income families, and address low levels of "credit" compared to costs of care. Specifically, make CDCTC fully refundable so that low-income families can benefit from it, and expand it to cover a higher proportion of the cost of care.

To increase the supply of quality child care, we recommend that federal, state and local governments collaborate to:

- + Expand Head Start and Early Head Start.
- + Expand or implement universally available, voluntary preschools, which typically serve 4-year-olds, and may also serve 3-year-olds.
- + Expand full-day kindergarten to provide more hours of instruction and coverage for parents that work.
- + Expand the funding for quality afterschool programs (e.g., 21st Century Community Learning Centers).
- + Add specific (set aside) funding to the Child Care and Development Block Grant (CCDBG) to incentivize states to finance the creation of child care centers (including financing for building acquisition, remodeling, and other capital costs associated with operating a child care center) and licensed family child care homes where they are under-supplied. A set-aside approach would motivate states to offer contracts to child care centers in specific underserved areas, as a complement to the more common practice of dispensing dollars through vouchers to parents.
- + Use other federal and state resources to build child care supply and quality: tax credits for child care providers, developer fees to pay for child care as part of community development efforts, funding to help re-constitute old school buildings, and scholarships and/or student loan forgiveness for early childhood teacher training, among other investments.
- + Create and expand financing models, such as developer fees and tax credits, to expand the supply of care. Make fees and incentives available to both for-profit and nonprofit businesses, including “tax credit” models that provide equivalent financial incentives to entities that do not pay tax.

To help address the other high costs associated with raising young children, we recommend that Congress:

- + Make the Child Tax Credit fully refundable, preferably throughout childhood, and at least during the first 5 years due to high costs of caring for young children.

- + Renew the policy discussion on child allowances (a basic monthly payment for families with children, available in most of the other industrialized countries). This allowance can be universal with tiers, or just for lower and middle income families.

#### 4.

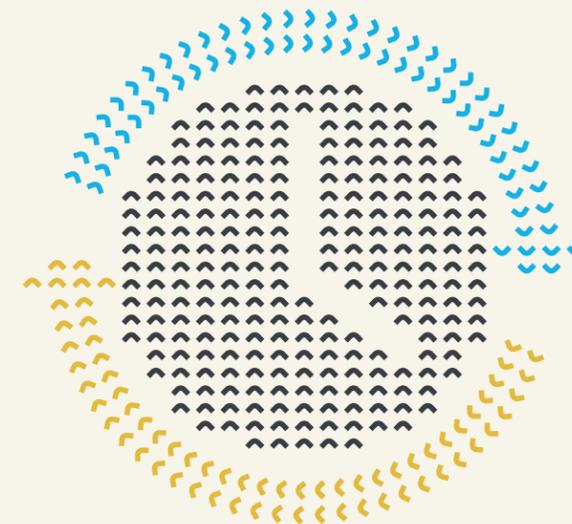
### Create Predictable and Flexible Scheduling Systems

Unpredictable schedules and high volatility in the number of hours worked per week and per month can create serious problems for lower-wage workers and households. For workers who are paid by the hour, volatile hours present the risk of falling below a minimum income for meeting basic needs for periods of weeks or months. From a worker perspective, other serious concerns with regard to unpredictable schedules include the impact on finding affordable and reliable childcare; workers’ ability to commit to education and training outside of work that can foster upward mobility, work more than one job as needed, or meet family responsibilities; and the stress-related toll on mental and physical health.

Conversely, some employers (both small and large) face significant market challenges to providing predictable and flexible schedules or minimum hours. Those challenges include unpredictability in customer demand, worker availability and turnover, and need for particular employee skills at a particular time. Businesses can suffer significant disadvantages from externally imposed constraints on their ability to respond to market conditions in the deployment of their workforce.

Advances in technology and communications tools for scheduling (e.g., web and mobile scheduling apps) are making it more possible than ever before for businesses and workers to manage scheduling. It is important that scheduling technologies be accessible to workers with limited technology skills, limited English proficiency, and disabilities. From a worker perspective, there are advantages to this technology when they have choice in determining

their schedules. From an employer perspective, more flexible scheduling systems can enable quicker adjustments in response to volatile customer demand. There are good practice examples of companies using technology to provide more choice to employees around scheduling and to enable employees to work with each other and employers to respond to short-term requests.



**Flexible and predictable scheduling at Costco:** Costco’s policy providing a guarantee of 24 “core hours” to part-time workers was established in 1985. While about half of Costco’s employees are full-time, roughly 45% work “standard” part-time and are eligible for core hours; a small percentage chooses to work fewer than 24 hours per week. Costco ensures that all part-time Costco employees who want to participate in the policy have a minimum of 24 “core hours” per week, and receive their schedules at least two weeks in advance. The core hours policy, along with other worker benefits and management practices, has resulted in one of the lowest employee turnover rates in the industry at 11% annually.

We recognize that both employers and policy makers at the federal, state and local level can take steps to address the challenge of schedule predictability and flexibility, and income volatility. We do not have agreement on the use of government requirements to ensure predictable schedules or minimum hours; we do agree that employers can and should do more to provide predictable and flexible schedules.

To expand the use of scheduling systems that provide predictability and flexibility to both employers and workers, we recommend that:

- + Employers and workers collaborate to develop best practices in scheduling systems to provide predictability and flexibility for both parties. Employees should have a substantial role in the design of the scheduling system, whether in the context of collective bargaining or through other forms of engagement.
- + Employers and workers set expectations of hours to be worked in a given time period, and employers honor those expectations.

Among the action steps our group seeks to take coming out of this dialogue is to launch a national initiative on predictable and flexible scheduling. This initiative will engage employers who have already implemented such systems, those aspiring to do so, and employees and their representatives. It could also involve organizations with expertise in scheduling systems, and researchers who could assess and document scheduling experiments and their results. The initiative could draw on a study of scheduling programs from pilots to early testing to fully operative systems to produce information, case studies, and lessons learned about creating predictable and flexible scheduling systems. Among other information, it could assess and document net benefits (both financial and non-financial) to employers and employees from shifting to more predictable and flexible systems as well as laying out the associated costs and potential uptake of new technology and practices.

Within our group, a commitment exists to both demonstrate the potential of flexible and predictable scheduling and present a call to action for others to join us in pilots, research and sharing of best practices. We aim to continue working together in 2018 to launch a study of new scheduling investments and practices designed with input from diverse perspectives. We will seek to generate objective evidence from both existing scheduling systems and new systems developed and rolled out recently. We will share the results broadly to inform stakeholders’ dialogue, decisions and investments on scheduling systems.

## 5.

### Ensure Workers Have a Role in Decisions Affecting Their Work

Quality work enables workers to play an active part in shaping the conditions of their work. In principle, labor markets provide opportunities for choice and negotiation among employers and workers regarding wages, hours and opportunities for advancement. Many employers actively seek to involve their workforces in decision making about conditions of employment. Where collective bargaining exists, it provides a structured forum for dialogue and negotiation and those agreements should be respected. However, there are many situations in which lower wage workers have very limited or non-existent roles in decision making affecting the conditions of employment.

We believe that lower wage workers, along with others, should be actively consulted in the design of policies and systems that affect them, both in settings where collective bargaining exists, and where it does not. While respecting employers' rights and obligations to manage businesses to maintain profitability and competitiveness, we see meaningful worker engagement and consultation both as a good business practice and as a way for workers to develop dialogue and advocacy skills that can improve their conditions of work and support economic mobility.

- + We recommend that employers ensure that workers have a meaningful role in employers' decisions that affect their working conditions, wages, hours, and opportunities for advancement.

## 6.

### Ensure That Workplaces Are Non-Discriminatory and Inclusive

Our nation is diverse across a range of characteristics and becoming more so. At a national level, a diverse workforce in which more people are employed fosters economic growth. Diversity also brings benefits in the workplace, as different experiences add to diversity of thought and can enhance business outcomes when managed well. Diverse and inclusive workplaces provide opportunities for employees to participate and contribute fully. They also contribute to the bottom line, by helping employers to recruit and retain a quality workforce, enhance their processes and products, broaden their market appeal, and compete on a global basis.

We recognize that discrimination and harassment in the workplace remain significant problems. Among many negative consequences, discrimination and harassment impede workers' pursuit of economic opportunity, mobility and security, limit positive business outcomes, and hinder national economic growth. Lower wage workers can be especially vulnerable to discrimination and harassment. They are more likely to lack the resources or ability to assert their legal rights; as a result, discrimination and harassment against them in the workplace may not be recognized or reported as readily or as reliably as discrimination against other workers.

We agree that freedom from discrimination and harassment is a key foundation for a diverse and inclusive workplace, and should be addressed in all employment-related systems and processes, including but not limited to hiring, compensation, and advancement. Those systems and processes prevent discrimination and harassment on the basis of race, color, religion, national origin, sex, age, disability, pregnancy and childbirth, genetic information, sexual orientation, gender identity and expression, marital and family status, political affiliation, and other factors.

We also agree that workplaces with active commitments to nondiscrimination and inclusivity are more likely to foster upward mobility for lower-income workers, including by increasing their opportunities for participation, promotion, increased pay, and leadership in the workplace.

- + Employers and workers must respect legal obligations. We recommend that they also make and uphold explicit commitments to ensure non-discrimination and freedom from harassment, and to enhance diversity, equity and inclusion in the workplace. Those commitments should be translated into policy and practice. Performance in meeting nondiscrimination and inclusion commitments should be reviewed regularly, with transparency and accountability for both management and workers.

# Financial Stability Proposals

**While steady and growing income, benefits that provide additional supports, and career pathways that offer opportunities for advancement are all critical to economic mobility, ensuring people can achieve financial security will be the difference between getting by and getting ahead. It is our shared vision that people will have an opportunity not only to earn a decent income, but also build assets that are the key to upward economic mobility for this generation and those to come.**

The basis for our financial security recommendations is our shared understanding that there are two forces determining whether an individual can achieve financial security; both are equally critical. Focusing on one without the other will be insufficient to achieve our aim:

- + A person's individual financial abilities—the knowledge and skills to make financial decisions that lead to household financial security.
- + The financial system—access to products and services needed to build financial security.

Our recommendations address each of these in turn. We believe that we must simultaneously provide individuals with the knowledge and skills they need to build financial security and build fair financial systems that give opportunities for people to save early, responsibly manage debt, and navigate financial decisions. Doing this will require public officials, financial institutions, educational institutions, employers, and community-based organizations to collaborate. Each plays a critical role in the solutions.

The following actions are key to advancing individual capacities and effective systems:

- + Build opportunities for children and youth to get on the path to financial security early by establishing universal children's savings account programs; embedding opportunities to bank and receive financial education in schools; and establishing partnerships with community-based organizations to create local, trusted conversations about financial issues and raising financially literate children.

- + Ensure that opportunities to build skills, gain credentials, and otherwise get ahead at work are paid for in financially responsible ways.
- + Ensure that quality work, especially for low-income Americans, includes access to key financial benefits that are critical to building financial security, including income smoothing financial services, tax credits such as the EITC paid out in smaller increments and other creative approaches to building emergency cushions, and other employee wellness benefits—benefits that can be portable across employers.

## Key Solutions to Recommend

- + We believe the foundation of financial security must be laid early in life. In order to build both an asset base that enables financial success and a habit of saving, we recommend that:

State governments create universal children's savings account programs that aim for equitable outcomes.

These children's savings account programs should be supported by state and community organized parental engagement, business and philanthropic investments in incentives, and financial education in schools coupled with bank investments in school programs.

As young people advance into post-secondary education and seek credentials for

employment, governments and employers work together to reduce the financial burden on students. Students should be able to build skills without jeopardizing long-term financial security.

- + We also believe that workers should have readily available tools to deal with financial disruptions (e.g., income volatility, expensive emergencies) so that these disruptions do not undermine the pathway toward financial security. To do this, we recommend:

Governments should establish mechanisms for emergency savings through the EITC, reduce barriers to savings, including reforms to asset limits for some public programs, and facilitate the portability of benefits for an increasingly mobile workforce.

Employers should offer financial wellness benefits that address both short-term financial instability and long-term financial security such as vehicles that help build emergency savings and financial products that assist in reducing income volatility. Community-based organizations and financial institutions can play a strong partnership role in facilitating uptake of such products.

### Build Financial Security from Early in Life

In order to achieve financial well-being later in life, we must a foundation that ensures access to quality financial products, provides opportunities to build important financial skills, and establishes financial resources for use later in life. In order to achieve this, we recommend the following actions.

## 1.

### State governments should establish children's savings accounts programs that leverage public and private funding sources and ensure accountability for equitable outcomes.

These universal children's savings account programs (also known as child development accounts), sponsored at the state level, should establish accounts early in life (either at birth, upon entering kindergarten, or at an early age the state deems appropriate). Existing programs are often "seeded" with an initial deposit, and savings are built by contributions from family and the children. Philanthropy, business, and government may provide funding for incentives—matching dollars for additional savings, incentives for academic achievement or performing certain tasks like filling out a FAFSA are just some examples of how incentives are being used in programs to date. Savings can be held either in a banking account or in a 529 college savings plan.

#### CSA (children's savings accounts) program models differ, but the essential characteristics of CSA programs are that they:

- + Are intended for a long-term asset-building purpose, most often post-secondary education (broadly defined) but other possible uses include entrepreneurship, homeownership, and retirement.
- + Provide direct, monetary incentives (e.g., initial deposits, savings matches, benchmark incentives, prize-linked incentives, or refundable tax credits).
- + Restrict withdrawals from savings for non-qualified purposes (i.e., the funds must be used for a designated asset, which is usually post-secondary education).

#### Elected officials can administer, seed, and incentivize accounts through a variety of mechanisms. Some options include:

- + Using discretionary funds paid to a city or state agency, such as fees paid directly to an agency. Examples include fees paid to a state Treasurer's office by the state's 529 program or, as the city of St. Louis has done, through parking fees and fines.
- + Leveraging strategic partnerships in education, such as by boosting participation in existing early scholarship programs. The Tacoma Housing Authority in Washington State has ensured that all of its residents enroll in the state's College Bound Scholarship Program.

Because these programs are universal, they should ensure that all children—regardless of income, race, gender, or other factor—has access to their benefits and an opportunity to succeed. A body of accountability should work closely with the program administrator to ensure in both program design and execution that the program continues to achieve equitable outcomes for all children, including low-income children with the most limited access to the means and tools for building wealth.

### These children's savings account programs would be supported by state and community organized parental engagement, business and philanthropic investments in incentives, and financial education in schools coupled with bank-in-school programs.

In jurisdictions where such savings programs exist, schools can begin to add discussion of such accounts into the curriculum. This increases the effectiveness of existing financial education programs by integrating hands-on account usage, ensuring knowledge and skills are retained longer and build a better foundation of financial habits. There are a range of promising, emerging models like a pilot program tested in Wisconsin and Texas called Assessing Financial Capability Outcomes. This program demonstrated financial education can improve student knowledge

of and attitudes toward saving while those with access to banking in school were more likely to have and use a savings account. Even modest deposit levels and incentives can have drive positive behavior especially when paired with parental engagement and partnerships with local financial institutions.

## 2.

### As young people advance into post-secondary education and seek credentials for employment, we recommend that governments and employers work together to reduce the financial burden on students. Students should be able to build skills without jeopardizing long-term financial security.

Student loan debt affects focus at work and other financial choices often made in young adulthood, such as buying a home and starting a family, that can increase financial stability in the long term. (ASA report) Young job seekers are attracted to employers who offer them some relief from student loan debt, and reports show that these employers are being rewarded with higher retention and engagement rates.

- + SoFi at Work—provides student loan refinancing and the opportunity for employers to contribute matching dollars similar to a 401k plan (offered by Orrick and Martha Stewart Living according to website testimonials).
- + Another example, Student Loan Genius, facilitates company contributions to an employee's 401k to match what they pay in student loans. Prudential is supporting this effort and bringing it to their clients.
- + Employers who offer student loan forgiveness programs can help students overcome

unmanageable levels of debt and begin to accumulate assets in retirement accounts or savings toward a home.

### Tools for Reducing Short-Term Financial Instability

We also believe that workers should have readily available tools to deal with financial disruptions (e.g., income volatility, expensive emergencies) so that these disruptions do not undermine the pathway toward financial security. We know these tools are often not available to lower wage workers who most need financial “cushions” that can assist in weathering a challenge and staying on a path to economic opportunity. To do this, we recommend:

### 3.

**Governments should establish mechanisms for emergency savings through the EITC, reduce barriers to savings, including reforms to asset limits for some public programs, and facilitate the portability of benefits for an increasingly mobile workforce.**

#### The Earned Income Tax Credit

The Earned Income Tax Credit is a critical tool for low-wage workers who depend on the funds every year to stay above the poverty line. Data shows that the EITC helps reduce stress, decrease mortality rates, and improve children’s school performance. Because it is a tax credit rather than a cash benefit, it also has a high level of popularity among those who qualify to receive it. We recommended on-going support for the EITC as an income supplement, with some key modifications to make it more effective for childless

workers and flexible enough to cover a range of both short-term and long-term financial needs.

#### Our recommendations to strengthen the EITC as a tool for economic mobility include:

- + Strengthen the EITC to include childless workers. Today, the federal tax code taxes about 7.5 million childless adults aged 21 through 66 into or deeper into poverty. This is due, in large part, to the fact that they are the only group largely excluded from the Earned Income Tax Credit (EITC). Though differences remain on how to implement, there has been bipartisan support for enhancing the EITC by extending it to childless workers, lowering the eligibility age from 25 to 21 and raising the maximum credit to about \$1,000.

The EITC, however, is paid as an annual lump sum. Data show that families often use the money to pay off debts from previous months, during which they were in the red. Various proposals and projects have looked at pre-paying the sum, providing incentives to save the money in a deferred account, and paying out the sum in installments throughout the year.

- + Rainy Day EITC—The program would allow taxpayers to defer 20% of their EITC for six months and receive a modest savings match for doing so. By taking advantage of the “savings moment” made possible by the lump sum refund at tax time, the Rainy Day EITC would empower low-wage workers to build a source of emergency savings for use later in the year. The proposal would increase EITC costs by roughly 1.3%.
- + Early Refund EITC—Until 2011, EITC-eligible workers could opt in to an “Advanced EITC” (AEITC) program that provided monthly payments of EITC benefits, but because of low take-up and high error rates, Congress eliminated the program. The Center for American Progress has proposed a new early payment program, the Early Refund EITC, which aims to improve upon the old AEITC. The Early Refund EITC would allow workers to access up to \$500 of their future EITC refund in the second half of the year. The reform’s goal is to reduce demand for predatory loan products by providing an alternative source of liquid funds.

- + Other researchers have explored alternative early refund delivery options. Steve Holt, in a 2008 Brookings Institution paper, called for a broader program providing periodic advance payments of the EITC. The Chicago Earned Income Tax Credit (EITC) Periodic Payment Pilot is currently testing an advanced EITC payment program with promising early results.

#### Reducing Barriers to Savings in Government Programs

Asset or resource limits are limits placed on the amount of savings a family can hold and still be allowed to qualify for federal programs such as the Supplemental Security Income (SSI) program, Supplemental Nutrition Assistance Program (SNAP), the Low-Income Home Energy Assistance Program (LIHEAP), and Temporary Assistance to Needy Families (TANF). While these policies were originally intended to ensure that “asset-rich” families did not receive such benefits, such policies have generally not adapted to the changing nature of these programs, which aim to move families to self-sufficiency. In addition, the dollar amount of most asset limits has not changed since they were originally established, meaning they have not kept pace with inflation.

While asset limits can play an important role in program integrity, limits can also act as penalties against savings. This makes it difficult for families to take advantage of other opportunities to invest in their long-term futures, such as by paying for credentialing programs or putting a security deposit down on an apartment in a safer neighborhood. They undermine the ability for people to take advantage of the other opportunities proposed in this document.

Asset limits for Medicaid and SSI are set federally. Asset limits for SNAP, TANF, and LIHEAP are set by states.

#### We recommend:

- + Asset limits in programs designed to move families to self-sufficiency should be carefully evaluated to ensure that they balance the need for program integrity with the need to give families an incentive to save and invest for the future. Policymakers should consider whether it is appropriate in some cases to increase the asset limit and index it to inflation going forward or, in others, to remove the asset limits entirely.
- + Ensure that certain classes of assets or resources are exempted from asset tests, such as savings for any type of post-secondary education or credentialing program. Otherwise asset limits can discourage low-income families from saving for higher education by making them choose between saving in a 529 and/or CSA (Children’s Savings Account) and keeping their public benefits. Because transportation is usually necessary for program recipients to successfully participate in the workforce, the value of a household automobile should also be excluded from the asset test, as is presently the case in the SSI program.

#### Benefits Portability

As more workers generate income from non-traditional arrangements, including contract work and multiple, part-time jobs, there is a growing need for more flexibility and portability of employment benefits. At the core, there is a recognition that workers should not lose the protections of traditional employment—workers compensation, unemployment insurance, paid leave, health insurance, and retirement savings—as work shifts to more flexible arrangements in the new economy. Currently, “gig economy” workers are generally excluded from the social safety net provided by traditional employment, with detrimental effects. (See The Aspen Institute overview on Portable Benefits for more information.)

While several issues remain unresolved (what benefits are included, what level of contribution and benefits are considered adequate, who pays and how

much, what regulations and policies could enable such a system?), there are three common themes across proposals for portable benefits which our group supports:

- + **Portable:** Workers' benefits are not tied to any particular job or company; they own their own benefits.
- + **Pro-rated:** Each company contributes to a worker's benefits at a fixed rate depending on how much he or she works, or earns.
- + **Universal:** Benefits cover independent workers, not just traditional employees.

#### 4.

**Employees should have access to financial wellness benefits that address both short-term financial instability and long-term financial security, such as vehicles that help build emergency savings and financial products that assist in reducing income volatility. Employers, community-based organizations and financial institutions can play a strong partnership role in facilitating uptake of such products.**

Financial well-being programs are becoming a mainstream HR benefit. "The recently-released eighth annual Employer-Sponsored Health and Well-Being Survey from the National Business Group on Health and Fidelity Investments found that 84% of 141 large- and mid-sized companies surveyed now have financial wellness programs, up from 76% a year ago." (See Forbes article titled *Why Workplace Financial Wellness Programs Are Hot.*)

- + When income stability cannot be achieved by employer-led scheduling or payment changes, employers should offer access to financial services to smooth income, e.g., Even.

Income volatility is a key driver of financial insecurity. The Aspen Institute's primer on income volatility gives an overview of the prevalence, causes, and impacts of volatility.

There are advances that employers can make in changing scheduling and wage practices. However, there are often other financial products that can smooth income in the event that the employer is not able to offer a steady paycheck. The Aspen Institute has another good brief on these hybrid financial products. Two examples to note, specifically:

- + **Even** is a company that pairs with your transactional bank account. It notes your average income levels and on weeks when income is relatively high, it skims the additional amounts into a savings account. On weeks when income is relatively low, it puts some back into the transactional account. In this way, the user experiences a steady income stream even though the actual income may be fluctuating.
- + **Emergency funds will always be necessary; employers offering payday advance loans or emergency grant assistance keep employees away from payday lenders and cycles of debt.** These "cushions" are essential for many Americans who cannot weather financial challenges like an unexpected medical bill or car repair where small investments can head off larger financial catastrophe to keep people on the path to economic security. Payday lenders, while regulated in some states, still often operate without transparency, charge exorbitant interest rates, and often behave in a predatory manner. Payday lenders bypassed McDonald's in the number of outlets in 2007, and have grown to a \$50 billion industry. These lenders often obscure fees and other costs associated with small loans; these additional costs may take many additional hours of work for a minimum wage worker to repay. State governments can do much more to demand transparency and

crack down on their worst practices including requiring clear disclosure of total costs; and imposing caps on interest charged.

As employers or the company providing the paycheck, there is an opportunity to offer a better financial product in a more trusted, "safe" manner. Two examples:

- + **PayActiv** is a solution that provides hourly-wage paid employees with flexibility to access their earned wages in advance of payday. This includes access to better cash flow management tools to help employees manage financial flows. Several employers use this solution, according to testimonials from BRG Medical Center, Goodwill of Silicon Valley, Visiting Angels, and Walmart.
- + **Levi's Red Tab Foundation** provides short-term emergency financial assistance of up to \$5000 to Levi's employees around the world. They also provide a separate portal to an emergency savings program where Levi's provides matching dollars to participating employees.



SHELLEY WATERS BOOTS, ANNIE E CASEY FOUNDATION

“There’s no one silver bullet, but the framework of ideas here is an important contribution. We may not agree on everything, but we’ve made remarkable progress. We have more mountains to climb on these tough issues going forward but this diverse group has been resourceful and creative showing the way toward smart solutions.”



ELIZABETH CLAY ROY, PHIPPS NEIGHBORHOODS

“I’ve absolutely enjoyed participating in this group. My greatest surprise has been conversations with business leaders, and their willingness to be partners in this—I’m really looking forward to that. The entire Convergence staff have been a rock for this process and to everyone else in this room—I am appreciative, and it’s why we keep coming back.”

