Toward an Inclusive Recovery

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While no one could have anticipated the depth and breadth of the impact of the COVID-19 pandemic on the economy, the structural inequities magnified across public health, employment, and access to critical resources are all too familiar for many Americans. The crisis threatened lives—including an unequal burden of illness and death among Blacks, indigenous people, and people of color—and the livelihoods of our communities. The temporary shuttering of businesses caused record numbers of unemployed Americans to seek emergency support to pay their bills and feed their families. No industry was immune. Some sectors, ranging from health care to transportation to grocery stores, were deemed essential, as frontline workers provided the goods and services that kept the country functioning during a pandemic. Workers of color—particularly Black and Latinx workers—were overrepresented in frontline jobs and held a disproportionate share of jobs in sectors where telework was not possible. Some of the jobs lost or furloughed due to the pandemic will simply not come back, as small businesses struggle to remain afloat and the outlook on how long it will take businesses to return to normal grows more uncertain.

Skills and reemployment policies as well as public investment in job creation are a critical part of our response to the largest economic downturn in the past century. It will be necessary to ensure employment opportunities for workers most affected by the health crisis and its economic impact: people of color, those without a high school diploma, and those individuals who were already disconnected from work or school prior to the downturn. And that must be done in an *inclusive* way that recognizes the structural racism that has held back the full participation and success of Black, Latinx, Native American, and other workers of color in education and training programs and long-term economic prosperity.

In early September, National Skills Coalition released *Skills for an Inclusive Economic Recovery: A Call for Action, Equity, and Accountability* to respond to the current moment. Getting to an inclusive economic recovery will require, in part, better data and transparency on who benefits in economic recovery policies. It will also entail working toward shared accountability among organizations and leaders in Washington, DC, to do what is right for U.S. workers, businesses, and communities.

Telling the story of an inclusive economic recovery requires better public data
Well-designed stimulus programs can jump-start job creation and economic growth. Successful recovery policies that lead to a more equitable and prosperous future do not fall to a single agency or funding

stream. Rather, it is a collective of coordinated actions and funding that include data collection, public reporting, and accountability.

Here is what policymakers need to address in every skills policy.

Disaggregate data by key groups of workers affected by the recession
Direct or indirect stimulus investments designed to support retraining, job creation, or job retention—including new investments in infrastructure and public health initiatives—must require that participation and economic outcomes be disaggregated by race, ethnicity, English language proficiency, gender, and age. The pandemic reinforced the long-standing inequities and structural barriers faced by workers of color, and it disproportionately affected low-wage workers, women, older workers, immigrant workers, and adults without a college degree.

Our economic recovery will be successful only if those most affected fully participate in and benefit from the economy's expansion and restructuring in the years to come. However, the recovery will be inclusive only if the existing structural barriers of discrimination, inequalities, or lack of opportunities exacerbated by the pandemic get addressed in skills policies so that there are reduced disparities in the labor market outcomes for those individuals most affected.

To maintain progress toward closing equity gaps, systems must be capable of tracking programs by demographic characteristics. Education and workforce outcomes should be broken out by population subgroups, and the data need to be used actively to address disparate outcomes when they become apparent. An inclusive economic recovery requires that data disaggregation be embedded in education and skills policies aimed at helping displaced workers and adult learners.

Report meaningful economic outcomes data
Good skills policies for adult workers who lost their jobs during the pandemic should have clear and measurable economic gains that advance career pathways, build wealth, and expand the well-being of workers. With state budget shortfalls projected to be worse than in the Great Recession, federal and state stimulus investments must support the reskilling needs of displaced workers and adult learners. Unemployment rates for adult workers age 25 and over without a college degree remain high, and nearly one in three workers lacks digital skills, which threaten to impede their ability for career advancement in an increasingly technological world. Displaced workers need access to retraining opportunities for skilled, good jobs in new and growing industries.

And when displaced workers do look to pursue training, recent survey results show that it is likely to be in a nondegree program to acquire skills to work or to obtain a certificate or license. This public sentiment reinforces the need for states to define what makes a quality nondegree credential. That way, recovery policies can strategically address racial and other equity gaps by providing more pathways into quality postsecondary education and training—and good jobs—for people of color. Quality credential definitions, informed by real-time data sources and feedback from employers on the credentials needed to support this economic recovery, should also provide transparent public data on the employment and wage outcomes of individuals who complete training programs.

Although outcome reporting is currently a part of our federal education and workforce training programs—from the Workforce Innovation and Opportunity Act (WIOA) to Perkins to the Higher Education Act—they constitute a variety of measures with limited overlap across systems. That means the data tell part, but not a consistent or comprehensive, story of student and adult learner

outcomes due to federal skills investments. An inclusive economic recovery for workers requires defining and reporting meaningful outcomes, such as the rates of quality credential attainment, including nondegree credentials, for workers without a four-year college degree; improved self-sufficiency for those receiving skills training; and increased movement of adults to jobs on sustainable career pathways leading to family-supporting incomes.

Measure the recovery's impact on businesses
Good skills policies must incorporate the needs of businesses so that investments in education and training are tied to labor market demand. They must leverage best practices, like work-based learning, to train workers for skilled positions.

As [states progress their reopening plans](), some industries will not come back to their pre-pandemic employment levels, leaving many vulnerable low-wage workers without a job and struggling to get the emergency supports they need. States must connect displaced workers to job opportunities in new and growing sectors where their transferable skills most immediately apply, while also providing job training and wraparound supportive services so that adult learners can be successful in new careers. States cannot use outdated projections on what sectors will be growing and the skills needed to compete for those jobs. No one can know what jobs will come back the way they were before the pandemic, what jobs will come back with significantly different competencies, or what jobs simply will not come back at all. Even in a robust economy, labor market data used to inform career guidance for students and upskilling opportunities for adult learners are based on past trends. That data can quickly become inaccurate with the introduction of an economic shock.

Businesses are an integral part of an inclusive economic recovery, as they hold the key to signaling what skills training and credentials are needed for jobs in their local communities. Through local and regional industry [sector partnerships](), small employers—along with community colleges, the workforce system, unions or labor-management partnerships, and community organizations—can take a leadership role in shaping retraining strategies to meet their skill needs while providing pathways for workers to good, in-demand jobs. This work has been ongoing at the local level for some time and naturally began to expand during the pandemic to support employers that faced shortages of frontline health care workers. These partnerships could expand to other sectors that need workers with new or modified skills coming out of the post-pandemic recession and to help local businesses that want to [advance the skills of their existing workforce]() to respond to workplace challenges associated with technological change.

An inclusive economic recovery for businesses requires measuring how skills policies ensure they—and the communities they call home—return stronger than their pre-pandemic economic conditions. An inclusive economic recovery for businesses includes measuring the occupational mobility of workers from contracting industries to skilled jobs in growing ones; more participation in local sector partnerships; and increased investments among small or midsized companies offering publicly subsidized on-the-job training, work-based learning, and upskilling for workers without a four-year degree.

Mandate public reporting on the outcomes of skills policies
Collecting and disaggregating data on who is served by economic recovery policies is not, however, the end goal. Outcomes must be transparent to the public. Agencies and legislators need to review them periodically to ensure investments are prioritizing those who were most affected by the pandemic,

to validate if skills policies are addressing the inequities that they have sometimes unintentionally reinforced, and to initiate corrective action when structural inequities exist.

Building a system of [smarter workforce data](#) requires coordination across a variety of agencies and organizations: education, labor and workforce development, health and human services, economic development, housing, corrections, and civil rights. These collaborations require data sharing partnerships that bridge the connection between administrative data systems that are housed within state agencies and departments or that link data across state borders. That coordination would produce the types of economic outcomes that would help assess the impact of efforts to support the people and businesses served by skills policies. These partnerships should allow for the transparent and disaggregated reporting on key economic outcomes measures—and the combination of services that lead to an individual's success—while also highlighting data privacy and security as fundamental to public reporting processes.

An inclusive economic recovery requires transparency on the outcomes of skills policies to gauge the well-being of workers and businesses. The pandemic has magnified the need for timely, accurate, and complete data as well as agile data systems to get actionable information into the hands of policymakers before funding decisions are made.

Holding policymakers accountable
The culmination of a worldwide pandemic, an economic recession, and an imperative to correct racial inequities in skills policies is a call to action to hold policymakers accountable for making sound skills investments. To be clear, accountability must be a shared responsibility of the education and workforce system, ranging from adequate funding levels and clear guidance at the federal level to allow states and local areas to serve displaced workers to the businesses that ultimately benefit from a workforce trained by public dollars.

Yet it is not a lack of labor market data that is holding most people back from determining the good career pathways from the bad. There are historic structural barriers that have resulted in inequitable outcomes, particularly for Blacks, indigenous people, and people of color in our *existing* skills policies. Policymakers too often have a "set it and forget it" mentality; if programs are meeting their intended goals, then they must be doing good. But looking beneath the surface reveals disparate educational and workforce outcomes, which are not investigated or corrected.

This moment is calling on citizens to demand that policymakers explicitly adopt a goal of using stimulus investments to address existing structural education and skills inequities that have been exacerbated by the pandemic. If policymakers don't address these issues, vulnerable and marginalized workers will be left on the sidelines of this recovery.

The country needs a transparent cross-program and cross-agency dashboard that provides federal policymakers and the White House with a means to assess the impact of the federal government's collective skills investments. This dashboard could provide a repository of the economic outcomes of participants of our federal education and workforce training programs, reporting on measures that center on the individuals or businesses most affected by the pandemic. The dashboard could use disaggregated data to drive administrative program changes and future funding decisions on what is working. Current economic recovery strategies pick winners and losers rather than creating real pathways to prosperity for all.

Some states have made strategic investments to advance the use of data and evidence to inform and provide transparency to their education and workforce decision making. It will not be easy for state and local governments already dealing with reduced funding to maintain and use data collected on participants of educational and workforce development programs. A commitment to moving in the direction of data transparency requires a leadership vision that says policymakers want to maximize the impact of their investments, set targets to achieve desired outcomes, and augment policies to ensure that *all* can benefit and be successful in education and workforce development programs.

This culture needs to be modeled and adopted by our national leaders. In many cases, it is not creating a new data infrastructure; it is just using the data already collected more effectively and aligned across federal agencies to inform the policies and funding that support skills for an inclusive economic recovery. Entities do not need to start from scratch: states, community colleges, local community-based organizations, racial justice and civil rights champions, and anti-poverty groups—as well as a national network of worker- and business-focused advocacy groups—can assist in establishing the data and metrics framework needed to reflect the short- and long-term economic outcomes desired for the diverse populations served. These groups are standing by to lend their collective expertise to tell the story of an inclusive economic recovery that U.S. workers and businesses deserve.

This article is part of the Leading Workforce Resurgence Series. The views expressed are the author's and do not necessarily represent the views of the Federal Reserve Bank of Atlanta or the Federal Reserve System.

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