

Innovative Pathways to an Equitable Workforce Recovery

Workforce Realigned National Launch Event
Philadelphia, PA (Virtual)

June 3, 2021

Patrick T. Harker

President and Chief Executive Officer
Federal Reserve Bank of Philadelphia



The views expressed today are my own and not necessarily those of the Federal Reserve System or the Federal Open Market Committee (FOMC).

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Hello! What an engaging and important event this has been. And I sincerely mean it when I say those are some tough acts — plural — to follow. So thank you all for joining us. I am truly pleased to be here with you today to close things out.

But first, a bit of housekeeping before I proceed. That's my standard Fed disclaimer: The views I express today are my own and do not necessarily reflect those of anyone else on the Federal Open Market Committee or in the Federal Reserve System.

The Problem

Today's event, [the book](#) we are releasing, and so much of the work we do every day at the Federal Reserve is motivated by the same central insight: Declining economic mobility is one of the defining challenges of our time. Indeed, not only is it an economic challenge that needs to be solved — it's also, in my view, a direct challenge to our nation's highest ideals. One of the animating creeds of our country, after all, is that no person should be held back by the circumstances of their birth.

But far too many of people's paths to success have been blocked. Intergenerational mobility has fallen in recent decades. Income inequality has remained stubbornly high.

That can breed frustration; at times even complacency. It's natural for people to feel hopeless in the face of monumental problems; they can feel insurmountable.

Innovative Solutions

And that's why today's program has been so inspiring. What this program's presentations and the stories we have read about in the book demonstrate so vividly is that these problems *can* be solved. While the case studies we highlight here are special, they are *not* aberrations. The ideas and tools they've developed are practical — and in many cases, replicable. I'm an engineer by trade and a pragmatist by education and disposition. So what I think is really great about these programs is that they are focused on what works.

Part of recognizing what works is being clear-eyed about what *doesn't*. The “train and pray” model, where people are trained for skills without a guaranteed job at the other end, has not historically been particularly effective. Neither are training or educational opportunities that are unaffordable and thus unattainable to the very people who need them most. That's crucial because we know that, to have a decent shot at earning a family-sustaining wage, people need some form of post-high school training or education.

Experimentation and bold innovation are key to determining what works — and central to what we do at the Philadelphia Fed's Economic Growth & Mobility Project. We believe in exploring how our research can be applied to real community problems.

That's why a couple of years ago we partnered with stakeholders in Philadelphia to advance a one-of-a-kind “pay for success” job training model that links Comcast, a major employer here, with Philadelphia Works, our local publicly funded job training board.

While the program is still in its early stages, the lessons from the model can be applied to partnerships between employers and training organizations across the country. The way it works is that the workforce board, Philadelphia Works, pays for training for new hires up front; the employer then reimburses the board if certain benchmarks, such as staying on the job for six months, are met.

This is good for both parties: Workers get the skills the employers need, and the workforce organizations know they are training for real job opportunities. You can read more about this exciting and important model in the book.

The exciting truth is that there are innovative and important programs taking shape all over the country. The book describes many of them, like Career Impact Bond programs that enable workers to upskill affordably, as well as the groundbreaking higher-ed initiatives in Texas and Virginia that link payment for

programs to student employment and income after graduation. What these programs have in common is they often represent a mindset shift — away from old models and toward planning around outcomes, building flexibility into contracts, sharing risk, and paying proportionate to impact.

Now, we certainly know that a book won't do all those things on its own. This book is instead a jumping-off point: a way to highlight an emerging set of principles that define a more nimble training ecosystem that works better for all workers and that truly charts a way to an equitable workforce recovery.

And the task is truly urgent. Despite the improving economy, we still have 8 million fewer jobs than we did prior to the pandemic — closer to 11 million, if you assume we would have been creating around 200,000 jobs a month without the pandemic. Tens of millions more are stuck in jobs with only limited opportunities. Now is the moment for bold action.

The Work Ahead

In the coming months, we will be convening and supporting local communities through a spotlight series to bring ideas from the book to their situations. If one of the case studies in the book speaks to you — and if you think you could assemble a local team to help adapt that idea and test it — we want to help. The plan is still evolving, but the team behind Workforce Realigned, along with our partners, will support your team with technical assistance, relevant nationwide expertise, and connections with others pursuing similar initiatives. If you want to learn more, check out our webpage for information at workforcerealigned.org. We really want to hear from you.

So, thank you again for joining us today. Now let's go out there and make it happen.