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# FEDERAL RESERVE BANK *of* KANSAS CITY

## Community Development Spotlights

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### Improving Employment Outcomes for Lower-Wage Workers

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More than 200 community and workforce development leaders and the business and education sectors met to discuss new research on labor market conditions faced by low- and moderate-income (LMI) workers and gained insight into local workforce issues at four forums across the Tenth District.

The Kansas City Fed hosted these forums in Denver, Colo; Kansas City, Mo.; Oklahoma City, Okla; and Omaha, Neb. The Bank's Workforce Development program provides community leaders and professionals with research and resources about local labor markets, effective policies and innovative programs. Integrating these efforts into employee training helps promote mutual growth between employers, the labor market and the community.

The Bank traditionally frames its work around activities of convening stakeholders, leading engagements with partners and developing resources for practitioners. These forums followed a similar approach. Kelly Edmiston, senior economist, presented **findings from the Bank's biannual survey**, the *Tenth District LMI Economic Conditions Report*, to provide context for understanding current labor market issues. Maureen Conway and Vickie Choitz of The Aspen Institute then presented **strategies for improving the employment outcomes** of lower-wage, frontline workers. These presentations provided a foundation for discussions among participants.

The Aspen Institute presented findings from its research on how workforce development policies and practices can be refocused to effectively address barriers faced by LMI workers. Through this work, Aspen has advanced the need to improve the quality of lower-wage jobs to provide workers with greater economic stability as a foundation for future career mobility.

The need to improve the quality and conditions of lower-wage jobs is underscored by projections from the U.S. Bureau of Labor Statistics that the proportion of jobs in 2025 that require a high school diploma or less will remain about the same as today, about two out of three jobs. In addition, many of the jobs in the largest and fastest-growing occupations have low wages.

Although education and training are important, they are not sufficient to ensure employment stability or mobility. For example, unemployment rates for African-Americans are roughly twice that of whites with the same education levels.

Similarly, while wages are an important contributor to economic stability, employers and service providers can improve employment outcomes by addressing non-wage issues. For example, employers have added or strengthened training for managers of frontline staff. This has helped improve their knowledge and skills in providing appropriate support, conflict resolution and feedback, which then reduces employee stress, improves productivity and increases retention. Employers have also improved business outcomes by providing stable work schedules, promoting public work supports and benefits and redesigning jobs and processes to increase worker engagement and status.

The Aspen Institute presented "Raise the Floor Strategies" during the forums. Designed to improve employment outcomes for lower-wage workers, the strategies are being tested by employers, workforce development organizations, service providers and foundations:

Raise the Floor Strategies		
Strategy	Approach	Example
Persuade	Appeal to business' self-interest to improve design of jobs	<ul style="list-style-type: none"> <li>• The SOURCE</li> <li>• Manufacturing Works</li> </ul>
Advocate	Appeal to policymakers and public to support laws and policies that encourage job quality	<ul style="list-style-type: none"> <li>• Industrial Areas Foundation</li> <li>• Restaurant Opportunity Centers United</li> </ul>
Create	Develop model businesses that highlight job quality issues; use as platform to influence public and private decision making	<ul style="list-style-type: none"> <li>• Cooperative Home Care Associates</li> <li>• Primavera Works</li> </ul>

These examples demonstrate how employers and communities working together can improve business performance through investing in strategies which support lower-wage workforce.

In each forum, participants discussed workforce development issues faced in their respective communities. Participants emphasized the following recurring themes:

- **The importance of improving the economic stability of lower-wage workers as necessary to enhancing opportunities for economic mobility.** Building greater stability of vulnerable families can be a short- to medium-term goal that can positively affect multigenerational poverty.
- **The effect of race on employment opportunities and outcomes for individuals needs more attention.** Participants noted a need to link strategies to improve lower-wage jobs with initiatives aimed at ensuring more access to jobs for minorities.
- **The need to expand and leverage partnerships between workforce development and service providers that work with LMI clients.** A collective impact model was noted several times as providing a relevant approach for focusing efforts on improving lower-wage jobs. In addition, new workforce legislation, the **Workforce Innovation and Opportunity Act**, is placing more emphasis on cross-sector collaborations.
- **Effective strategies for engaging employers on issues of improving job quality.** Employers were seen as a key stakeholder both in terms of influencing and benefiting from higher job quality.

These issues represent significant challenges to ensuring all individuals have access to gainful and stable employment that creates opportunities for economic mobility. The Kansas City Fed will continue to work with partners throughout the Tenth District to address these issues through its role in convening stakeholders, conducting research and developing programs and tools that support the development of a strong workforce.

## References

### Tenth District LMI Economic Conditions Report