

Ramona Schindelheim, WorkingNation editor-in-chief:

You're listening to Work In Progress. I'm Ramona Schindelheim, editor-in-chief of WorkingNation. Work In Progress explores the rapidly changing workplace through conversations with innovators, educators and decision makers, people with solutions to today's workforce challenges.

One of the tasks of the U.S. Federal Reserve System is to take the pulse of economic conditions to better understand the economic health of the country. Capturing the full picture of today's labor market means looking beyond the data and understanding the actual experiences of workers and job seekers. A new report from the Fed, Worker Voices does just that, providing insight into how job seekers and workers in lower wage roles navigated the labor market throughout the COVID-19 pandemic and what they now expect from a job.

Two of the authors of the report join me on the Work In Progress podcast. Ashley Putnam is director of the Economic Growth and Mobility Project at the Philly Fed. Sarah Miller is principal adviser for Community and Economic Development within the Atlanta Fed's Center for Workforce and Economic Opportunity.

Ashley, Sarah, thank you for joining me on the podcast. Always great to talk to you.

Sarah Miller, principal adviser, Federal Reserve Bank of Atlanta's Center for Workforce and Economic Opportunity

Thanks for having us, Ramona.

Ashley Putnam, director, Federal Reserve Bank of Philadelphia's Economic Growth and Mobility Project:
Happy to be here.

Ramona Schindelheim, WorkingNation editor-in-chief:

Before we go into the findings, let's talk about the why and how of this new report. I'd love to understand why this segment of the workforce was so important to talk to.

Sarah Miller, principal adviser, Federal Reserve Bank of Atlanta's Center for Workforce and Economic Opportunity

Sure. So this work actually started with some conversations that Ashley and I had at this point in 2021, and with our colleagues in the system. As you recall, at this time, the labor market was incredibly tight. There were two job openings to every one job seeker. There was quite a bit of discussion in the media around unemployment benefits, stimulus and just general incentives for workers to work or to not work. And that was a question that we just wanted to ask, especially of a population that doesn't have a bachelor's degree, that traditionally has been more vulnerable in the economy. They experience economic shocks more profoundly than other workers do. In times of recession, they're the hardest and the first hit. So we wanted to really understand, why are they changing jobs at such a high rate? Is the tight labor market really benefiting everyone equally? How are they navigating all of this?

As you recall, with the labor shortage, many employers were going to great lengths to reduce barriers to hiring to get more workers into these jobs. So we wanted to know, is this working out? How are you experiencing this current moment and how are you navigating the labor market? And it was important for us in the focus of community development across the Federal Reserve System to look at issues for low and moderate income workers, and especially those without bachelor's degrees that we know struggle in times of economic stress.

Ramona Schindelheim, WorkingNation editor-in-chief:

How did you go about this? Ashley, maybe you can tell us how you went about getting this. How did you capture the voice of these workers?

Ashley Putnam, director, Federal Reserve Bank of Philadelphia’s Economic Growth and Mobility Project:

As Sarah said, we knew that low wage workers, workers of color, workers without a four-year college degree tend to occupy the roles that experienced some of the brunt of the initial pandemic layoffs. And so we were really focused on what we could do to try to talk to those workers directly. We often speak to intermediaries. We look at quantitative data, we understand sort of things from several levels back and we thought, wouldn't it be interesting to ask the workers themselves, what's motivating them? Why are they changing jobs at a high rate? Why are they maybe hesitant to go back to some industries?

So in order to reach those workers, we reached out to workforce development organizations across the country. This was a really unique project for the Federal Reserve. It wasn't just the Atlanta Fed or the Philly Fed, but it was a full Federal Reserve System effort, which means we had all 12 Reserve banks across the country helping host focus groups. We used the focus group method because we found in focus groups, people were really able to get a little more deep and nuanced about some of these issues. As opposed to maybe a survey where you fill in a line, a focus group allowed people to actually connect with other people to build off of ideas and to dig in on some of what they were thinking, what they experienced, and what they were planning to do next.

We hosted 20 focus groups across the country. We spoke with 175 workers in 33 states, and we learned an incredible amount about how workers, particularly workers in lower wage roles and workers without college degrees are thinking about this moment in the economy and how they're navigating that moment. So it was really an incredible effort. We're very grateful to all of our Federal Reserve colleagues who helped host these listening sessions, and particularly to the workforce development organizations who referred us to participants, who then participated in the focus groups last summer.

Ramona Schindelheim, WorkingNation editor-in-chief:

What kind of industries, what kind of roles were these people in? When we talk about the low wage worker or earners or people without the four-year degrees, what kind of roles are they occupying in the country?

Sarah Miller, principal adviser, Federal Reserve Bank of Atlanta’s Center for Workforce and Economic Opportunity

It was a wide representation of industries that they came from. There was quite a few that were in hospitality, food service, customer service focused roles. We also had a lot that were working in manufacturing or in food production. There was healthcare workers, there were early childcare education workers. We had quite a few that were job seekers as well that were not actively employed, but were looking for different types of employment opportunities, largely trying to find better jobs than they had previously experienced or recently left either voluntarily or involuntarily. But we did have quite a wide swath of workers across a number of different industry sectors. So it was a really good mix.

Ramona Schindelheim, WorkingNation editor-in-chief:

This report is kind of a Beige Book, but not talking to the business leaders and not talking to the bankers, but you're talking to the actual workers in each community.

Ashley Putnam, director, Federal Reserve Bank of Philadelphia's Economic Growth and Mobility Project:
That's right, Ramona. The Beige Book that you're referencing is something that the Federal Reserve does on a regular basis. That is to kind of understand, again, beyond numbers, what do we know from sort of evidence from businesses, from industry leaders as to how the economy is working. In this particular moment, I think this was a great time for us to talk to workers. We do conduct surveys on a regular basis. This is part of an ongoing effort at the Federal Reserve to understand our economy, to understand how workers are experiencing the economy. But this was a really unique modality that we used by doing these focus groups and really spending time to get very deep on these issues and hear from the workers themselves how they are thinking about what they're going to do next and the decisions they're making.

Ramona Schindelheim, WorkingNation editor-in-chief:

So the value of this worker voice coming through, it's a different way to look at it. I think a lot of reporters in a lot of the country look at the data and look at the numbers and say, "Oh, here's the unemployment rate." Or, "Here's how many people filed for unemployment?" What do you take away in general when you're able to pull from that community? We talked a little bit about it, but give me kind of sum up how this paints a better picture of the economy.

Sarah Miller, principal adviser, Federal Reserve Bank of Atlanta's Center for Workforce and Economic Opportunity

Just like you said, we ascertain a lot of what's happening in the economy from data alone and from statistics. In many cases, aggregated data, which doesn't tell necessarily all of the contours of the experiences that they have, of how their behavior is different and what their aspirations are. That can give us a little bit of a sense of what's coming in the labor market. So that was why it was important for us to have these conversations. They really help to paint a highly nuanced portrait of what these workers have been experiencing, how their behavior is changing and give some qualitative coloring to what is otherwise faceless depth and really puts the human element into understanding how they're navigating economic shocks. What are concerns that we should be minding in terms of changes to the labor market and policies and practices that may not be enabling their economic access, success, or mobility.

Ashley Putnam, director, Federal Reserve Bank of Philadelphia's Economic Growth and Mobility Project:

One of the things we've been thinking about at the Fed is we're doing increasingly more qualitative research like this, and what we're learning is that beyond just the numbers, we can't tell you why the trend is happening. So we were looking at these trends and really Sarah's correct, she and I were just having a conversation about why is it that people are hesitant to go back to some of these jobs? What's changing? Are workers doing something different? Are they staying at home? Are they prioritizing different things? And we can't understand that in the data itself. And so qualitative research really allows us to reflect on the why. Again, those are motivations, sometimes they're perceptions and sometimes their behavior changes. And really what we're noticing in this research is a huge shift for many workers from the kinds of jobs they were willing to take earlier and the kinds of jobs they're prioritizing now, and how they're then shifting their behavior, reinventing themselves, thinking about doing new things so that they can connect to those jobs. And the quantitative data just doesn't give us that picture.

Ramona Schindelheim, WorkingNation editor-in-chief:

Let's get into some of the findings. One of the conclusions that you came to in this report reflected how workers felt at the beginning of the pandemic, and then how they try to navigate through it. So the difficulties they had balancing their own health concerns and their financial concerns. Tell me some of what you heard in that conversation.

Sarah Miller, principal adviser, Federal Reserve Bank of Atlanta's Center for Workforce and Economic Opportunity

Sure. So that was a very profound, upfront foundation setting. Really, that sets up the rest of the findings that we present in this research. That was an important aspect to our project design. We wanted to ask kind of the questions over a historical arc because we know that what happened at the onset of the pandemic was traumatic for a lot of us, but really profoundly felt by these, as Ashley had mentioned, these workers in lower wage roles, disproportionately workers of color, disproportionately workers that didn't have bachelor's degrees. It was important for us to understand how those experiences really influenced future expectations, future behavior. What we found is that they were weighing incredibly complex choices. They've described their experiences as traumatic and scary and shared quite a lot around some really profound questions that they were faced with every single day around whether they worked or whether they didn't work.

All of the barriers that existed prior to the pandemic remained and were exacerbated. Access to childcare was widely reported. Affordable childcare remained a challenge for what was left. The reduction in transportation left job accessibility completely out of reach for many workers, depending on where they lived. And a lot of people had to balance some very significant health risks to themselves and to their families. But they had to balance all of this against financial stability or in many cases, financial instability, given their loss of jobs and the concerns for what they were putting themselves at risk of by going to work, but also by not going to work.

So there was, depending on family composition, depending on role, depending on whether or not they had the ability to work remotely, these decisions were different for every person, but trauma and "This was scary, and I was concerned for my life, I was concerned I was not going to be able to feed my child. I was concerned, I'm just waiting to lose my job. When is it going to be my turn?" Those were a lot of things that workers shared that we found as really foundational to the other findings that we'll talk about.

Ramona Schindelheim, WorkingNation editor-in-chief:

The idea that a lot of these low wage earners were what we considered frontline workers. We needed them in the grocery stores, we needed them as healthcare aids. And again, they had their own financial and health concerns, people that they needed to take care of. That must have made it, as you said, a difficult choice, "Do I go to work or don't I?" And these are people that we count on in our economy.

Ashley Putnam, director, Federal Reserve Bank of Philadelphia's Economic Growth and Mobility Project:

Yeah, Ramona, you're totally right. Many of the people who we were speaking with last summer were in roles that we would've potentially called essential during the pandemic. As you recall, we used to bang pots and pans at 7:00 PM and celebrate and thank them for their work. But for many of them, the experience they had was really about burnout. They got very tired of being in these roles, especially with that labor shortage that people weren't coming back to work. They were reporting being asked to take on more work. Again, back to what Sarah said, this trauma of weighing these choices. We heard a lot of really very honest and candid and challenging stories that workers shared with us about caring for their

children, caring for a loved one, and weighing the risk of, do I put my family's health at risk versus going to work?

I think when we talk about why workers did or did not work during the pandemic or were resistant or hesitant to going back to certain industries, we have to consider that it's not just about, did we get unemployment benefits or stimulus checks? People were weighing really complicated choices, and they knew they needed to put food on the table, but they also didn't want to put their families at risk. Many people made very difficult decisions and spoke about really the mental health impacts, which are not lost on us when we think about what happened to a lot of workers in these frontline jobs throughout the course of the pandemic.

Ramona Schindelheim, WorkingNation editor-in-chief:

The idea that the unemployment benefits, the extended benefits and the stimulus checks were there, did that help these workers in any way, shape or form?

Sarah Miller, principal adviser, Federal Reserve Bank of Atlanta's Center for Workforce and Economic Opportunity

Yeah. Many workers talked about how they were a welcome support, I would say overwhelmingly so, the ones that did receive it, because many did not receive it because of policy issues, timing issues, processing issues. Many talked about being concerned about even filing because there was some mistrust there either with their employer with the entire process. But those workers that did receive it did talk about how it offered a smoothing effect for them in a time of great financial instability.

What was most important though, and if you recall the national conversation around this, was that we found absolutely that these were not disincentives to work. These were not long-term financial resolutions to a problem that created a space that they could think differently about employment. Many of these workers talked about how it was a means to catch up or just to even be able to take a breath. In many cases, for the first time in their working lives to do that. So for those that did receive it, it was very welcome. But in no way, shape or form did any of the conversations that we have really reinforce what we heard at a national level, that these were a disincentive to work. They were there to help them basically stay afloat and allow them the space to find better employment in some cases, but absolutely not a disincentive to participate in the labor market.

Ramona Schindelheim, WorkingNation editor-in-chief:

One of the other things that I saw in the report was that, we've talked about this, there's a tight labor market, there's more jobs than workers, but some of these workers, they found it difficult to find work despite all these jobs out there. And that's left them frustrated, that's left them confused. Tell me a little bit of what they're telling you about that. Why is that?

Ashley Putnam, director, Federal Reserve Bank of Philadelphia's Economic Growth and Mobility Project:

Ramona, this was probably one of the most surprising findings for our research team. We, of course, look at this quantitative data. We see on average, we're on the sort of lowest unemployment rate we've seen in a long time. We have what we would consider a very hot labor market, meaning that there are more job openings than job seekers. We're seeing wages on average going up and particularly in lower wage roles. And so again, when we look at these averages, when we look at the numbers, the picture that they paint is that this should be a good time, particularly for these workers that are non-degree holders who might be able to connect to other jobs. And you know very well Ramona, there's also a lot

of interest from employers in removing degree requirements, doing new and innovative things to attract workers as they're fighting this labor shortage.

So we were really expecting to hear from workers, "Well, this has been great for us." Or, "This is a time where things are a little bit different." What we were surprised to find out is that many of the people we were speaking with were still submitting 80 to 100 applications, still feeling extremely frustrated as they were trying to connect to the job market. We think there's a few reasons within that. One is they did express that they were looking for different types of jobs. They were not interested in going back into some of those jobs that had less schedule flexibility, lower wages, challenging work environments. So it's possible that one of the reasons they were challenged is that they're looking to switch to better paying jobs or higher quality jobs. But there's a disconnect here. And I think that's worth talking about that as employers are saying, they're really shifting their practices. Workers are saying, "We're still not getting in the door."

We're finding that that's happening from both sides. That to me is really, what can we do as the workforce development system? What does that mean for organizations that play that connective tissue? What do we need to do to make sure that those workers who are telling us they really want to work and they're looking really hard to try to get in jobs, and the employers are telling us, "We're not able to find people." Something's wrong here. And so I think that's really interesting for us as one of the findings of this report, that the tight labor market was not benefiting everybody and that there is this disparity for these workers and lower wage jobs without college degrees.

Ramona Schindelheim, WorkingNation editor-in-chief:

You talk about workforce development coming out of that. Are we not reaching these people in the right places? I mean, do you have thoughts on that? Because this is our focus, WorkingNation. We look at workforce development. We look for that connection, trying to close the skills gap. Maybe it's too soon from the report, but what are we doing wrong? How can we fix this?

Sarah Miller, principal adviser, Federal Reserve Bank of Atlanta's Center for Workforce and Economic Opportunity

It's a great question, and I hope that this research does create way more conversations around exactly this, what's undersupported? What are the functions that we need to have here to better facilitate these job matches from job seeker to employer? I just want to uplift a couple of things. The brokering of this job development and getting people set up and connected to these opportunities and looking at a match on skills through a skills lens as opposed to a degree lens is incredibly challenging. Hiring is a highly human endeavor. It's one thing to change a job description that's out there, but applicant tracking systems also need to be rebuilt so that we're getting people through to the other side that don't necessarily have these credentials or several years of experience helping employers and hiring managers to better understand how to see these skills in someone's work experience, in someone's resume to see that they're going to be that fit for them absent a degree expectation.

The degree has been widely used, especially since the Great Recession, as the filtering mechanism. I know that you're qualified because you have a degree. Well, in a world that is increasingly, there's less of an emphasis on the degree and more of an emphasis on the skills, there's just a lot of work that still needs to be done to have that entire system shift to create more opportunities for these workers. And we think that the workforce development system, business intermediaries, other organizations that can help to uplift evidence on the efficacy of these practices, the return on investment that employers would get, and the uplift that we would have in the economy if more people are doing better in connecting to better jobs. That's the work that we have ahead of us. And we hope that this research

creates a space in a springboard through which we can talk more critically about where these mismatches are being felt and by whom.

Ramona Schindelheim, WorkingNation editor-in-chief:

Your research, your conversations with these workers and job seekers show that they want to reskill, they want to upskill, and they are doing it and maybe at a different pace. They are doing it though.

Ashley Putnam, director, Federal Reserve Bank of Philadelphia's Economic Growth and Mobility Project:

Yeah. Ramona, one of our findings that was also interesting, we asked workers what their plans were going forward, how they were planning to connect to different kinds of jobs. What we found is people are really reinventing themselves. We used the word pivot a lot in the pandemic. "How did you pivot your work? How did you pivot your business?" I've talked to a few job seekers recently who said, "I didn't pivot, I leaped. I went to something completely different." And workers are really engaging in a different type of skills-based training. Sometimes they're doing it on their own. So yeah, some are in workforce organizations, they're going through our traditional mechanisms of getting training and getting new skills. But some are teaching themselves, some are working full-time and going home in the evenings and learning to code, or they're going to the library or they're reading things online and accessing online resources, particularly in the pandemic where people were really not in classrooms and trying to do a lot of this retraining and reskilling online.

So this was almost a moment of opportunity for a lot of people to say, "I want to do something else. This is my time to make that pivot. This is that time for me to make that jump." I will highlight in spite of what these people have been through, and a lot of the people we talked to again, had been through extremely traumatic situations, people were very resilient. They're reinventing themselves, they're moving forward, they're thinking differently. They're really trying to do something that maybe they've never done before. And I think there's something really incredible about that. That speaks to, again, what we could be doing in the workforce development system. And again, the fact that people want to work. This isn't for lack of motivation or lack of interest, but really maybe lack of connection. And to Sarah's point, translating those skills that aren't beyond the four-year college degree for employers to understand what these workers bring to the labor market, even if they don't have experience in your industry.

I'll double down on something Sarah said. We had a great conversation a few weeks ago with some workers locally in Philadelphia, and I heard one young man say, "I went through this training program. I'm so excited. And every job I look at requires three to seven years of experience for an entry level position. So I'm not applying for them because I don't have three to seven years of experience. I've just finished training." Or maybe I have a few months of experience or the jobs that are available to me are only contract based. I want jobs that are full-time. I want jobs that provide me opportunity. So I do think Sarah's right. There is a human element to this that we really need to think about what we're asking of job seekers and how do we rethink what it means to come skilled and trained into the workforce.

Ramona Schindelheim, WorkingNation editor-in-chief:

One more thing I'd love to talk about before we go is the idea that these workers came out of this pandemic the last couple of years with this sense that they want a good job and a good job has, I think, at the source of it and as I'm reading the report and looking at what workers say, dignity is very important, respect is very important. Compensation is important, but those seem to be at the heart of a lot of the conversations. They came out of this knowing that they were important to the workforce and they wanted to be treated that way.

Sarah Miller, principal adviser, Federal Reserve Bank of Atlanta's Center for Workforce and Economic Opportunity

Absolutely. I think what's really powerful about the way that they talk about what job quality means to them is that it's not a one size fits all. There's a lot of different things that are important to different people depending on their life circumstance, their family composition, their other needs. Flexibility can mean a couple of different things. It can mean a flexible schedule or it can mean a consistent schedule. Overwhelmingly, agency, dignity, respect, things I think that a lot of us take for granted in our own workplaces that they have felt have profoundly lacked in their experiences, and they're unwilling to go back to certain jobs where they don't feel like they have any agency, dignity, or respect. This is just another place where we hope that this research creates more conversations around workplace culture, management strategies. These are non-compensatory factors that we should all benefit from in the workforce.

No one should have a job where they don't feel like they have any dignity or respect. That doesn't seem like a sustainable model, especially for these workers. And their behavior is changing because of it. They are going into certain fields, they're investing in their skills. It's because they're trying to find something different and they are not going back to what they had before. Whether or not these behavior changes are cyclical and of the moment or are structural and will be with us long term, I think remains to be seen. And that's a part of some of the ongoing research that this body of work contributes to that the Fed is doing to understand how workers are faring in the labor market and how their behavior is changing. But from a job quality perspective, what I think is the most profound about the way that they talked about it in this research is that prior to the pandemic, they took what was available. "We'll take it. The job is there, I need a job, I will deal with it."

They no longer have that sentiment. This is not an aspiration. It's an expectation of job quality and something that they see should not be available to those at a different echelon of the workforce. It should be available to all of us. I think the pandemic and the experiences that they had at the onset with these complex calculations that we've talked about, their experiences with the labor shortages and burnout, those have profoundly changed their behavior. We're very interested to see how that sustains and how we can continue to have conversations around what does job quality mean, especially for these workers that are most vulnerable.

Ramona Schindelheim, WorkingNation editor-in-chief:

Ashley, do you want to add anything to that?

Ashley Putnam, director, Federal Reserve Bank of Philadelphia's Economic Growth and Mobility Project:

No, I think Sarah's totally right. One of the things that I thought was really powerful about this research was an opportunity for the workers themselves to define what a quality job is. This is not a new conversation in the workforce space. We've been talking a lot about the problem isn't just connecting to work, it's connecting to good jobs, it's connecting to jobs that provide economic opportunity and economic mobility. But we often think about that from our perspective. What do we think as quality job as we look at several of these factors. So to ask the workers themselves, we were surprised by some of the things I will say. Stability and security were first and foremost for a lot of people. And again, reflecting on what they went through when you lost your job, when you experienced economic instability, when you didn't know if your schedule was going to be the same week to week.

Now, what they're looking for is really just something where they can predict their income. They know what their schedule is, they aren't being called on the day of, and then paying for a babysitter and then

going in and being told, "Actually, we don't need you." So we heard a lot of these stories that were not necessarily about wages or they were not about wages alone. Certainly wages were part of the conversation. Workers are looking to find jobs that are paying them a wage that allows them to provide for their families, that provides them safety and security. But the fact that that stability, safety, flexibility, these were the very fundamental things people were prioritizing, I think really speaks to what they experienced and how they felt that they were being treated.

And again, I'll add a human element to this. We were having this conversation with some job seekers in Philadelphia, and one young man said, "I just want you to treat me like a human being. I want you to treat me like me, right? I have a family, I have needs to take care of." He had a young son who was diabetic and he was having to administer insulin. Sometimes that required him to not be able to work or be on camera at certain times. And so he is now, because of training and workforce development programs, in the kind of job that allowed him that flexibility. That was really important to him.

I think it's something we can all relate to. We all want to be treated like human beings. We all want to feel valued. We want to feel agency and dignity in our work. And so what does that mean for lower wage workers and what does that mean for those jobs going forward if those jobs aren't providing people that sense of agency and dignity or security stability? I think this has a huge implication for management practices beyond just hiring practices.

Ramona Schindelheim, WorkingNation editor-in-chief:

Ashley, Sarah, thank you so much for sharing the findings from the report. I really appreciate your time.

Sarah Miller, principal adviser, Federal Reserve Bank of Atlanta's Center for Workforce and Economic Opportunity

We thank you, Ramona. It's a pleasure to talk with you and to have these conversations. I hope there's plenty more to come.

Ashley Putnam, director, Federal Reserve Bank of Philadelphia's Economic Growth and Mobility Project:

Thank you, Ramona. Thank you for having us.

Ramona Schindelheim, WorkingNation editor-in-chief:

I've been speaking with Sarah Miller from the Atlanta Fed and Ashley Putnam from the Philly Fed about the new report, Worker Voices: Shifting Perspectives and Expectations on Employment. I'm Ramona Schindelheim, editor-in-Chief of WorkingNation. Thank you for listening.

NOTE: The views Sarah Miller and Ashley Putnam express are their own and don't necessarily reflect those of anyone else on the Federal Open Market Committee (FOMC) or within the Federal Reserve System.