



United Way of Berks County Rebuilding our Workforce White Paper July 2021

United Way of Berks County is the recipient of a financial gift from philanthropist MacKenzie Scott. In her blog “384 Ways to Help,” published on December 15, 2020, Ms. Scott wrote, “This pandemic has been a wrecking ball in the lives of Americans already struggling. Economic losses and health outcomes alike have been worse for women, for people of color, and for people living in poverty.”

As United Way of Berks County explored opportunities to invest Ms. Scott’s grant in our community in the most impactful ways, a focus area that has been identified is Workforce Development.

“Now Hiring” signs blanket Berks County. Nation-wide there are more jobs available than candidates looking for work. To attract job applicants, employers are changing hiring practices by eliminating barriers like drug screens and high school diploma requirements while offering increased starting hourly wages. The changes made by employers have not resulted in the desired outcome and the demand for employees remains high. Unemployment peaked in April 2020 at 18%, as reported by the Department of Labor & Industry, while CareerLink experienced a low demand for services.

The lack of job seekers, lead to the assumption that the incentive to return to the workforce was being undercut by government benefits. According to *Business Insider*, the average state and federal unemployment benefits did exceed the minimum wage in every state. For Pennsylvania, those receiving unemployment plus the \$300 supplement were earning 75.5% of the state’s average wage (Kiersz & Taylor, 2021).

Enhanced unemployment benefits are scheduled to end in September while the federal eviction moratorium is due to end in July. The end of these support systems is predicted to drive individuals back to work and will support the community’s recovery from the pandemic. The road to full recovery is not a quick fix. In comparison to previous recessions, it is likely that full recovery will take anywhere from three to five years. According to research done by the Federal Reserve Bank, it took almost 80 months for the economy to fully recover from the Great Recession of 2007 (Wilkins, 2021).

The Berks County Workforce Development Board’s local plan recognizes the labor force is facing significant challenges—many of which existed prior to the pandemic and have been exacerbated by it. The challenges and opportunities include an aging population and workforce, integrating a more diverse workforce, addressing barriers faced by disconnected young adults, and educational attainment. (Berks County Workforce Development Board, 2020)

Workforce Development Challenges:

- 1) Aging Population and Workforce—According the WDB Local Plan, Berks County’s aging workforce is expected to grow from 80,000 to just under 100,000 over the next 9 years. Whereas the 25-29 age group entering the workforce will remain relatively flat at 25,000 individuals. Bottom-line, new entrants to the workforce will not keep pace with retiring baby boomers which will create a shortage in qualified employees. In an article written by Arlene Hirsch about the aging workforce, at least 10,000 baby boomers turn 65 every day creating the concern of fewer employees with the needed skills to fill available jobs (Hirsch, 2017).
- 2) Disconnected Young Adults— The most general definition of a disconnected young adult is an individual aged 16-24 who has neither been in school nor employment for a period of six months

OR a young adult aged 21-24 who is underemployed. In a 2017 Disconnected Young Adult Study, it was estimated there were 3,000-5,000 disconnected young adults in Berks County. As a result of COVID-19, this number has likely grown to 6,000 individuals. What was determined by this study is that most of the young adults lack reliable transportation to reconnect with school or the labor force—34.5% identifying lack of driver’s license as the reason for disconnection while 29.5% identifying unreliable transportation. The barriers below lack of transportation include obligations for family care, immediate needs for making money vs investing in a career, and other barriers to pursuing education. Disconnected youth is an urban, suburban and rural issue; only 50% of respondents last attended Reading School District. Accessing services primarily located in Reading from the more rural communities accompanied by the high responses of unreliable transportation creates additional barriers. (Thomas P. Miller & Associates, 2017)

- 3) A More Inclusive Workforce—“Things are in chaos right now trying to attract and retain employees. It will require a whole new reset to figure out where we land coming out of COVID” shared a participant of the Workforce Development Community Conversation. As mentioned above, many employers are eliminating educational requirements to better attract talent in the time of great need. This action alone will increase the diversity of the eligible talent pool.

To understand the value of eliminating barriers and the potential impact on widening the hiring pool, look at the data. Based on 2019 Bureau of Labor Statistics data, the labor force was predominantly white at 77%. At the onset of the pandemic, 20% of Blacks and Hispanics were employed in the service industry (Bureau of Labor Statistics, 2019). Blacks and Hispanics were disproportionately impacted as the service industry struggled during the pandemic. Economist Byron Auguste of Opportunity@Work was quoted in an NPR article, “if you arbitrarily say that a job needs to have a bachelor’s degree, you are screening out over 70% African Americans...80% of Latino-Latina workers...over 80% of rural Americans of all races (Carapezza, 2021).” Within the city of Reading only 10% of the population 25+ has attained a bachelor’s degree; 24% for the County (United States Census Bureau, n.d.).

For persons with disabilities only 2 in 10 were a part of the labor force in 2020, compared to 7 in 10 for person without (Bureau of Labor Statistics, n.d.). While this number may be high given it includes individuals that are over 65 and more likely to have a disability, the BLS reports that across all ages, persons with disabilities are more likely to be out of the workforce than in. Particularly for 2020, a Community Conversation participant noted, the fear persons with disabilities had for their health and safety during the pandemic kept them out of the workforce. Like Blacks and Hispanics, 18% of persons with disabilities were employed in the hard-hit service industry. The Berks County Workforce Development Board is currently undertaking an initiative to understand why working age adults with disabilities in Berks County are disproportionately unemployed or underemployed.

- 4) Low Adult Literacy and Numeracy— Nationwide, more than 43 million adults do not have basic education skills beyond a third-grade level, as measured by the National Center for Educational Statistics (NIACE by the National Research and Development Centre for Adult Literacy and Numeracy, 2013). While a high school diploma does not ensure an individual has achieved the necessary literacy and numeracy skills, those with the highest level of education earn 3x more in median weekly earnings. In Berks County, 86.7% of the population has at least a high school diploma, the city rate is 68.4% (United States Census Bureau, n.d.).

As noted above, placing an educational requirement on a job may have adverse effects on the recruiting a diverse population. However even when employees have attained a degree, they may still struggle with literacy and numeracy proficiency. Most recent data available for the PSSA demonstrates that in Berks County, only 36% of 8th graders scored Proficient/Advanced. Only one school district of the 18 has more than 50% of 8th graders scoring Proficient/Advanced (Berks County Workforce Development Board, 2020). In a 2017 study conducted by the Institute for Manpower Studies, Institute for Employment Studies, it was determined that only 1 in 8 jobs did not require any numeracy skills. Research has demonstrated that adults with low numeracy skills are negatively impacted economically. The National Center for Education Statistics (NCES) estimates 29% of adults in Berks to be numerate proficient. In a 2006 report authored by Samantha Parsons and John Bynner, by the age of 30 men who did not demonstrate high proficiency in numeracy had the lowest hourly rates. Earlier research conducted by the pair indicated that low numeracy was likely to set adults on the following employment trajectories: 1) dropping out of education before attainment; 2) inconsistent work history; and 3) be employed in lower skilled and lower paying jobs with minimal upward mobility (NIACE by the National Research and Development Centre for Adult Literacy and Numeracy, 2013).

Finally, with a city population of over 60% identifying as Hispanic/Latino and the county at 22%, adequately addressing English as a Second Language can also be a challenge. According to participants in the Community Conversation, there is not enough ESL to meet the demand in the community. As reported by Census Bureau, 19% of the county population speaks a language other than English at home. Within the city, that percentage is 56. (United States Census Bureau, n.d.)

- 5) COVID-19 Impacts on Women—as reported by McKinsey & Company, “the pandemic had a near immediate effect on women’s employment.” Women represent over 50% of the labor force and have steadily made increases to fill senior leadership roles. However, the impacts of the pandemic are “threatening to erase the gains of the past six years” referring to the progress made between 2015-2020. At this point, women are more likely than men to leave the workforce or downshift their careers; 1 in 4 women compared to 1 in 5 men (McKinsey & Company, 2020).

What was learned from research, in partnership with LeanIn.org, was that three major groups of women were mostly impacted by the pandemic—working mothers, women in senior management, and Black women. Working mothers were always more likely to take on the bulk of housework and childcare; based on decades of research women are three times more likely to be handling these areas compared to men. As a result of the pandemic, 76% of mothers with children under 10 surveyed said that childcare was in their top three challenges; 54% of fathers responded similarly. And women were more likely now taking on the role of teacher as schools and childcare centers closed and children moved to online learning. Back in April of 2020, almost 1 in 2 women with children were not actively working. By January 2021, the number of mothers back in employment had increased to 18.5 million but was still about 1.6 million fewer than the previous year. (McKinsey & Company LEAN IN, n.d.)

“We can’t just come back and say, ‘We’re back!’ shared one of the Community Conversation participants. The community has experienced a traumatic event with the pandemic. The group agreed, employers must try to make coming back to the office or going back to work more attractive. Additionally, workers struggling prior to the pandemic now have additional barriers preventing them from



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getting back to work. How can individuals, human service organizations, and employers work together to address challenges to speed up recovery?

A generous gift to United Way of Berks County, from MacKenzie Scott, provides an opportunity to support innovative approaches workforce recovery and development. The Focused Grant is a collaborative opportunity to address the workforce development challenges. Nonprofit organizations are invited to apply for funds with their approach to addressing workforce issues in our community. For grant guidelines, please see attached or visit our website.

Sources

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