FOREWORD

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As we begin to recover from one of our nation's greatest crises, it's time to rethink the way we finance worker upskilling to meet the future of work. Achieving the twin objectives of advancing economic opportunities for workers and meeting the talent needs of the economy requires us to rewire the workforce system—rebalancing risk and realigning financial incentives.

That's what this book is about. It highlights a new breed of partnerships emerging among government officials, education and training providers, corporate leaders, and investors—partnerships that are built to achieve outcomes. These models link funding to results, helping actors to think and invest longer term, apportion risks and align incentives more thoughtfully, and unleash the power of adaptation and entrepreneurship to build a more inclusive, more equitable, and stronger workforce system.

This work is urgent. Despite increasing rates of higher education following the Great Recession, mobility has

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stalled.[1] Income gains since 1970 have become skewed toward the top—doubling, in real terms—while the middle class has stagnated.[2] A handful of the richest Americans own more wealth than 160 million others.[3] And in the wake of the Great Recession, student debt tripled to $1.6 trillion in a decade,[4] even though a college degree is no longer a clear pathway to the middle class, especially for those in poverty.[5]

While increasing access to economic mobility unlocks greater equity, it is also a catalyst for economic recovery.

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1 U.S. Census Bureau, "Postsecondary Enrollment Before, During and After the Great Recession," news release no. CB18-TPS.30, June 12, 2018, www.census.gov/newsroom/press-releases/2018/postsecondary.html; and Lawrence F. Katz et al., "Documenting Decline in U.S. Economic Mobility," *Science*, April 28, 2017.

2 Moritz Kuhn, et al., "Research: How the Financial Crisis Drastically Increased Wealth Inequality in the U.S.," *Harvard Business Review*, September 13, 2018, https://hbr.org/2018/09/research-how-the-financial-crisis-drastically-increased-wealth-inequality-in-the-u-s.

3 Noah Kirsch, "The 3 Richest Americans Hold More Wealth Than Bottom 50% of the Country, Study Finds," *Forbes*, November 9, 2017, www.forbes.com/sites/noahkirsch/2017/11/09/the-3-richest-americans-hold-more-wealth-than-bottom-50-of-country-study-finds.

4 Zack Friedman, "Student Loan Debt Statistics in 2020: A Record $1.6 Trillion," *Forbes*, February 3, 2020, www.forbes.com/sites/zackfriedman/2020/02/03/student-loan-debt-statistics; and Jillian Berman, "How Wiping Out $1.5 Trillion in Student Debt Would Boost the Economy," *MarketWatch*, October 24, 2019, www.marketwatch.com/story/how-wiping-out-15-trillion-in-student-debt-would-boost-the-economy-2019-09-09.

5 Ellen Ruppel Shell, "College May Not Be Worth It Anymore," *The New York Times*, May 16, 2018, www.nytimes.com/2018/05/16/opinion/college-useful-cost-jobs.html.

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New pathways to prepare Americans for in-demand jobs will spur economic growth and enable employers to fill positions currently open due to the ongoing skills gap.[6]

As we write this foreword, the nation is in the midst of a disastrous and deadly pandemic. Hardships will fall, as they often do, disproportionately on those with fewer skills and lower education levels, the undocumented, people of color, young adults, and young families.

It's essential to start planning a recovery that's more efficient, more equitable, and more focused on achieving positive outcomes. For all the transformations in today's economy, we know that training and education can promote economic progress. But today, the wiring is all wrong. Students choose education and training programs without any assurance of better jobs down the line; governments spend money on services without any guarantee of their impact; employers hesitate to fund employee supports or upskilling for fear their investments won't pay off. Each actor in our fragmented workforce system acts independently in the face of daunting risks and uncertain rewards.

[6] Elizabeth Mann Levesque, *Understanding the Skills Gap—And What Employers Can Do About It* (Brookings Institution, December 2019), www.brookings.edu/research/understanding-the-skills-gap-and-what-employers-can-do-about-it.

The examples featured in this book reconceptualize the talent development engine that keeps our economy running. They demonstrate better ways to share accountability and risk across sectors—driven by outcomes-based partnerships among policymakers, education and training providers, employers, nonprofits, philanthropists, and impact investors. At the core of each case are results: measuring progress, optimizing delivery, and paying for outcomes.

This book illustrates a range of tools to rethink how we fund and finance the future of work. We must create more aligned incentives for programs to ensure that those who are powering our economy are able to share in its growth. In doing so, we can lay the foundation for a more adaptive system ready to meet the continually changing future of work.