



SKILLS FOR AN INCLUSIVE RETAIL & HOSPITALITY RECOVERY





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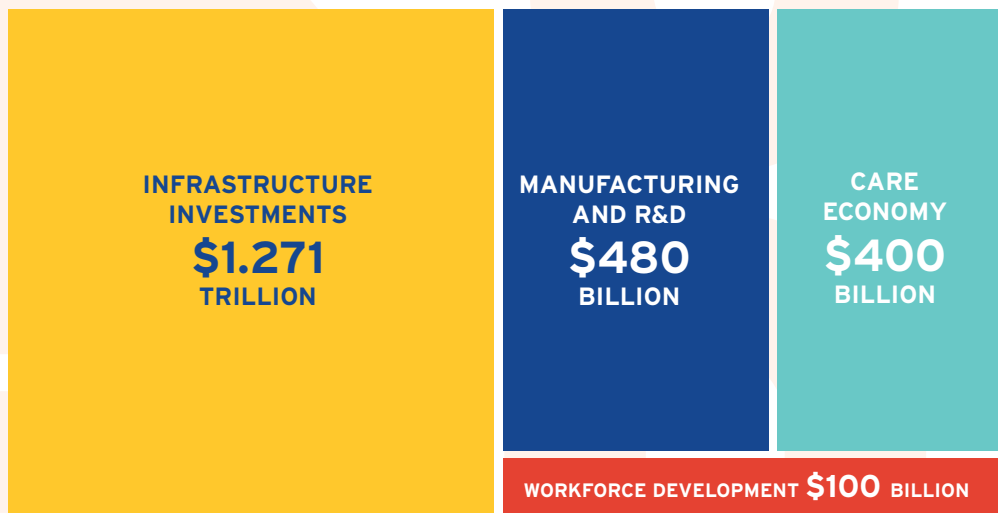
The pandemic has impacted every industry differently and each industry's trajectory out of this recession will look different. The experience of certain workers and local firms within each industry will differ as well. National Skills Coalition (NSC) and Business Leaders United (BLU) convened a Retail and Hospitality Industry Recovery Panel of leading experts working in local communities. We wanted to learn what an effective, equitable recovery plan for retail and hospitality needs to include. Panelists represent business, labor, education and training organizations, and others working in or with the retail and hospitality industries.

The pandemic may have hit nearly every industry, but it pummeled retail and hospitality. The leisure and hospitality industry accounts for nearly 40 percent of jobs lost over the last year. This is triple the job loss of the second hardest hit industry. Leisure and hospitality employment increased by 280,000 in March 2021 but was still down by 3.1 million jobs since February 2020. Likewise, retail added 23,000 jobs in March 2021, but employment was still 381,000 below its February 2020 level.

Vaccinations have brought eased restrictions and a return of some jobs in these industries. Many of these jobs require new skills due to the acceleration of technology over the last year. Career pathways within these industries still exist, making upskilling opportunities essential. But some jobs will never return, and millions of workers could need support to train for a new career. President Joe Biden and Congress are turning to infrastructure to spur job creation and economic recovery.

On March 31, President Biden put forward the American Jobs Plan (AJP), which proposed billions of dollars in investment in our nation's infrastructure with an explicit focus on racial equity. The President also included a proposed \$100 billion investment in workforce development to help workers transition into the jobs created by the AJP.

THE AMERICAN JOBS PLAN



NSC and BLU interviewed individual panelists and convened the full Retail and Hospitality Industry Recovery Panel for group discussions. Themes emerged about the pandemic's impact on the industry, as well as essential components of an inclusive recovery.

Prior to the pandemic, retail was transforming as e-commerce expanded online shopping and retailers ramped up virtual shopping strategies. Malls lost anchor tenants and vulnerable national brands could not adjust to the ease of shopping with a click. Automatic check-out stations added to layoffs. The pandemic further challenged brick and mortar retail, especially those that required walk-in traffic. E-commerce exploded with state mandated stay at home orders. Delivery services expanded to include private vehicles as ride sharing drivers transitioned to food and merchandise delivery. Warehouses expanded to meet demand for next day delivery as the U.S. Postal Service was hit with cuts.

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Prior to the pandemic, hospitality was thriving as business and tourist travel was active and popular. New and boutique hotels were being built and convention centers were busy. Hotels, museums, stadiums, and concert venues employed millions of full- and part-time workers. These workers were disproportionately people of color. Many did not earn family supporting wages outside of unionized workplaces. When the pandemic shut business and tourist travel down, hotels emptied, and tourist sites closed. Some workers moved to warehouse work, but with schools closed, others had few options.

For businesses and workers in both industries, survival required an unprecedented acceleration of technology. Restaurants, grocery stores, and small retailers had to quickly adopt and transition to online ordering and delivery and deploy new technologies to support socially distant, in-person transactions. Small and mid-sized business owners had little support for technology adaptation. Digital skills became a necessity for both workers and employers.

For many retail and hospitality workers and business owners, Congress' pandemic investments and Payroll Protection Program helped avoid catastrophe. But federal rescue policies have done little to help retail and hospitality workers upskill for jobs within their industry that have been changed by technology or retrain for new industries.

Industry leaders see opportunities to transition some retail and hospitality workers to new occupations created by federal job creation policies. They also see opportunities to help retail and hospitality workers return to these sectors and advance along career paths. But all of these options require expanded training capacity and tighter partnerships with industry to keep pace with the rapidly changing training needs of these sectors.

Service workers are disproportionately women serving as their household's primary caregiver. Their return to work will be highly contingent on schools staying open full time and on expanded, flexible, affordable childcare. The unpredictable re-opening of service sector businesses will likewise disproportionately impact workers of color concentrated in retail and hospitality. Responding will require industry-wide strategies—including those developed by sectoral industry partnerships—to ensure more equitable recovery outcomes.



POLICY RECOMMENDATIONS



PRIORITIZE WORKFORCE INVESTMENTS AND EQUITY UNDER THE AMERICAN JOBS PLAN

Industry stakeholders are resolute that the final version of the American Jobs Plan must include resources to train local workers for the jobs it creates. This includes permanently laid-off retail and hospitality workers who may be looking to start new careers in AJP's targeted infrastructure sectors. It also includes incumbent workers who need to adapt to new technologies or want to seize opportunities to advance. Second, training is not enough. Childcare, transportation assistance, and other support services allow workers to train and stay on the job. Finally, equity goals, like those laid out in the AJP, become meaningful only when outcomes are measured by race, ethnicity, and gender.

- ▶ **Invest in skills.** Congress must ensure that the \$100 billion for workforce training in President Biden's proposed American Jobs Plan is fully authorized. Additional essential investments outside of AJP are outlined throughout this brief.
- ▶ **Invest in childcare, transportation assistance, and other essential supports.** The President's American Families Plan (AFP) – a companion to AJP – includes expanded childcare and other essential work/training supports. Congress should make these investments.
- ▶ **Measure industry transitions and equity.** Federal investments in job creation should require reporting on hires, wages, and industry-connected advancement with attention to race, gender, and whether those hired previously worked in that industry. The Department of Labor (DOL) should collect data on any workers who receive training under a grant supported by a job creation or

economic stimulus plan. DOL should evaluate flows from hard hit industries like retail and hospitality into industries targeted for job creation through federal investments. These include construction, manufacturing, and clean energy. Any data collected should be disaggregated to measure the impact of public investments in driving an inclusive economic recovery.

ENSURE RETAIL AND HOSPITALITY WORKERS AND BUSINESSES CAN HARNESS NEW TECHNOLOGIES

The pandemic accelerated the need for new workplace technologies and the demand for digital skills. Industry leaders need support to help new and incumbent workers build foundational digital skills. These skills give them a baseline for adapting to ongoing technological change. Industry leaders also need support to help workers develop higher-level industry- and job-specific digital skills related to specific workplace tools and processes. Data confirm reports on the ground from industry leaders: 14 percent of currently employed US retail, wholesale, and auto repair workers have no digital skills, and an additional 23 percent have very limited digital skills.¹

In addition, there is currently little investment in supporting small and mid-sized employers in adopting new technologies and adapting to technological change. The manufacturing industry has the Commerce Department supported Manufacturing Extension Partnerships (MEPs) to advise and facilitate the adoption of new technologies and innovations. A similar, federally funded network of state-based partnerships could support small and mid-sized companies in the retail and hospitality industries that need reasonably priced assistance.

¹ National Skills Coalition, *Retail workers need investment in their digital skills*, April 2020.

Recommendations:

- ▶ **Pass the bipartisan Digital Equity Act and Invest in new Digital Literacy Upskilling Grants.** Through the bipartisan Digital Equity Act, Congress should make a dedicated investment to help states pursue digital inclusion and skill building via \$1 billion in new funding. This should include formula funding for all states to support capacity-building and digital equity planning, and a competitive grant program to invest in best practices and spur innovation among states. Congress should also make a federal commitment to occupational digital literacy through a new national grant program. These new Digital Literacy Upskilling Grants would expand access to high quality digital skills instruction that meets industry and worker needs.
- ▶ **Develop a measurable national standard for industry-specific digital upskilling efforts.** Congress should define and embed occupational digital literacy in workforce and education policies like Workforce Innovation and Opportunity Act (WIOA) Title I and II, backed by funding to support quality digital skills training through existing policies as well as the new Digital Literacy Upskilling Grants.
- ▶ **Create a Retail / Hospitality 21st Century Extension Partnership program to help local companies adopt new technologies.** Congress should fund a new network of 21st Century Extension Partnerships (based on MEPs but expanded into other industries) to support the adoption of new technologies in small and mid-sized companies.
- ▶ **Expand access to broadband and high-quality devices.** Many community colleges and other training providers transitioned to delivering training virtually to retail and hospitality workers during the pandemic. Like access to digital skill building, access to broadband and devices is an equity issue for retail and hospitality workers.

SUPPORT TRANSPARENT, EQUITABLE, HIGH-QUALITY CAREER PATHWAYS WITHIN AND ACROSS INDUSTRIES

Stakeholders across retail and hospitality emphasize that skills learned in these sectors can, with additional training, translate to careers in other sectors. There are also opportunities to upskill for different, higher-paying occupations in the same sector. Regardless of whether retail and hospitality workers want to pursue vertical or lateral career pathways, it will require additional public supports. It will also require incentives for employers themselves to hire and invest in training for those hit hardest by the pandemic as well as workers who were jobless prior to COVID-19.

Recommendation:

- ▶ **Incentivize employer investment in skills by passing the bipartisan SKILL UP Act.** Congress should



empower businesses – small and large – to invest in skills training opportunities for workers who currently have the least access to training. This includes those who were unemployed before the pandemic, during full employment. The SKILL UP Act would expand the Work Opportunity Tax Credit (WOTC) to provide businesses with an increased credit for hiring and training workers with barriers to employment through apprenticeship and work-based learning opportunities.

- ▶ **Fund integrated education and training to build foundational skills.** Many individuals in retail and hospitality industries need support to build basic academic skills. These include English language, math, and digital literacy skills. Under an integrated education and training model (IET), participants receive simultaneous instruction in basic skills as well as training for a specific occupation or industry. Congress should provide dedicated funding to support state or local implementation of IET through the Workforce Innovation and Opportunity Act and the Higher Education Act.
- ▶ **Pass the bipartisan JOBS Act to expand access to high-quality, short-term training.** Congress should expand access to Pell grants to ensure more workers can access high-quality, short-term training programs. One current proposal, the JOBS Act, includes strong quality assurance provisions including but not limited to: training must be aligned with requirements of employers in a state or local area; have an accrediting agency evaluate the programs for quality and student outcomes; and satisfy any applicable prerequisites for professional licensure or certification. In addition, the JOBS Act excludes proprietary institutions.
- ▶ **Expand apprenticeship and work-based learning through the bipartisan PARTNERS Act.** The bill includes a grant program to expand industry partnerships to help small- and medium-sized businesses develop work-based learning programs. The bill includes support services that workers need to succeed in these programs. Along with the SKILL UP Act, PARTNERS Act could help expand flexible, nimble work-based learning and apprenticeships.



PROTECT SERVICE SECTOR PAYROLLS AS BUSINESSES RE-OPEN AND TRANSITION WORKERS FROM PART- TO FULL-TIME.

Evolving COVID re-opening protocols make it difficult for former full-time employees to return to work before retail and hospitality businesses are consistently operating at full capacity.

Prior to the pandemic, twenty-six states and the District of Columbia offered Short-Time Compensation programs (also known as Workshare or Shared Work programs). These programs allow employers to keep workers employed but at reduced hours, with the remainder of workers' previous full-time wages covered by partial unemployment benefits. This strategy allows businesses to avoid layoffs of valued employees. However, only a few state workshare programs included publicly funded workforce investments that allowed workers to utilize paid down-time to upgrade their skills to engage changing technologies and processes.

Expanded federal Workshare or Short-Time Compensation policies—building on the COVID Payroll Protection Program—could bring back previously laid-off, full-time employees and offer full-time wages and paid upskilling while businesses are transitioning back to full operation.

► **Expand Workshare programs and include upskilling opportunities.** Congress temporarily expanded the federal share of the program as part of initial recovery responses. Congress should expand the federal investment in workshare models and include funding for training opportunities for participating workers and employers.

INVEST IN LOCAL CAPACITY TO DEVELOP LOCAL WORKFORCE SOLUTIONS

Industry leaders need flexibility to craft solutions and target resources based on the needs of local workers and employers. They also need sustained support for local partnerships and the infrastructure needed to provide training and supports. Previous federal discretionary programs like the Trade Adjustment Assistance Community College and Career Training (TAACCT) grants have been essential in building these partnerships and local capacity. However, their vulnerability from one administration to the next has created challenges in sustaining local workforce development ecosystems, let alone expanding to respond to industry changes. In addition, these programs often failed to bring together the full set of local partners necessary to respond to both industry demand and worker need.

Recommendation:

► **Support Multi-Stakeholder Industry Partnerships at the Local Level.** Support sustainable sector partnerships to develop clearly articulated career pathways within local industries and regional, industry-specific training, hiring and advancement strategies. Sector partnerships are a proven multi-stakeholder approach that help workers enter and advance along career pathways and help local companies within an industry support an inclusive talent ecosystem. Industry partnerships can address specific challenges identified by industry stakeholders including building public awareness of advancement opportunities within the industry. Industry partnerships will be critical to helping retail and hospitality businesses upskill their existing workforce for advancement. They will also be essential to creating pathways into new infrastructure jobs for millions of retail and hospitality workers.



This brief is written by National Skills Coalition and Business Leaders United with input from members of our Retail & Hospitality Industry Recovery Panel. A list of panelists can be found at <https://www.nationalskillscoalition.org/industryrecoverypanels/> We would like to thank the panelists for generously sharing their time, knowledge, and insight. The views expressed in this report are an aggregation of what we heard and do not necessarily reflect the views of each individual advisory panel member or the organizations they represent.

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