

THE WALL STREET JOURNAL.

YELLEN CALLS FOR BETTER PUBLIC EDUCATION, WORKFORCE DEVELOPMENT PROGRAMS

Fed leader says global competition and technological advances have caused shifts in the labor market

By David Harrison
March 28, 2017

Federal Reserve Chairwoman Janet Yellen said better educational opportunities for low-income communities and programs to develop entrepreneurship could expand work opportunities and benefit the overall labor market.

Ms. Yellen said low- and moderate-income communities and minority groups continue to struggle to find jobs despite steady improvement in the overall labor market, in remarks prepared for delivery Tuesday at a National Community Reinvestment Coalition conference.

"These elevated unemployment rates and depressed employment-to-population ratios underscore the strong need for effective workforce development options for these communities," she said.

Ms. Yellen didn't discuss monetary policy in her prepared remarks. Instead, she suggested that workforce development and other programs to help disadvantaged groups are a core part of the Fed's mission, alongside monetary policy and financial regulation.

"I hope you know that you have a partner in the Federal Reserve," she told her audience. "In the ways we can, with the different tools we each have, our aim is the same: to make the economy work for the benefit of all Americans."

Workforce programs are particularly important now because of "significant job market changes in recent years, brought about by global competition and technological advances," she added.

Over the past few months, Ms. Yellen has expressed concern that the improving labor market has been leaving lower-income Americans and minority groups behind. She has been using her perch to call for improving educational opportunities, saying better schooling could help reverse the long-running trend of slower productivity growth in the U.S.

Speaking to reporters on Dec. 14, she said Congress and the Trump administration should focus on enhancing productivity with "policy changes that enhance education, training, workforce development."

On Tuesday, Ms. Yellen singled out public education as "probably the most important workforce development strategy."

She noted a higher share of people in low- and moderate-income communities have dropped out of high school than in higher-earning places. People from disadvantaged communities were also less likely to enroll in college and complete a degree, holding back

their earning potential, she said. Fixing those problems will require a long-term strategy, she added.

“A starting point is to improve access to quality education in early childhood and improve the quality of primary and secondary schooling,” she said.

She also called for expanding career and technical education programs to train students who won't go to college, and pointed to programs that help expand entrepreneurship among minority and low-income groups.