

## **Michelle W Bowman: Economic inclusion in lower-income communities**

Speech (via webcast) by Ms Michelle W Bowman, Member of the Board of Governors of the Federal Reserve System, at the "Advance Together" Celebration sponsored by the Federal Reserve Bank of Dallas, 22 February 2021.

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Thank you, President Kaplan, our Advance Together partners, and everyone here for joining us today. I am honored to participate in this event and welcome the awardees of this important initiative to celebrate your success. Today marks a significant milestone in this effort to improve economic opportunity for residents of 25 counties across the great state of Texas. The Federal Reserve Bank of Dallas created Advance Together as a way to promote initiatives in Texas that reduce inequities in education and workforce development, and these Implementation Awards recognize outstanding examples of furthering those goals.

### **The Importance of Education and Workforce Development Initiatives**

At the Federal Reserve, our community development mission is to promote economic growth and financial stability across the country, particularly in vulnerable communities. The ability to access quality education and training to build workforce skills is critical for low-income workers seeking greater opportunity for themselves and their families. Likewise, reducing the disparities in labor market opportunities among individuals in our society helps to support broader economic growth and financial stability.

These issues have taken on even greater importance over the past year. The COVID-19 pandemic has upended our personal and professional lives and continues to cause economic hardship for many Americans. While the economy has recovered substantially from the effects of the pandemic, it is concerning to see signs that the improvements have been uneven, with some households continuing to struggle with unemployment and facing financial difficulty.

Information from the Federal Reserve Board's Survey of Household Economics and Decisionmaking, or SHED, provides evidence of these disparities.<sup>1</sup> In the July 2020 responses to the SHED, many households reported major employment disruptions due to COVID-19, including layoffs, reductions of hours, or unpaid leave. By mid-summer, many of the affected individuals had returned to work, and many were receiving unemployment insurance benefits and other financial assistance. Even so, unemployment remained very high in July, and 23 percent of SHED respondents said they were either "just getting by" or "finding it difficult to get by." Not surprisingly, those experiencing employment disruptions disproportionately reported that they were likely to have difficulty paying their bills.

The survey showed that employment disruptions and financial challenges disproportionately affected people of color and low-income families. And, unlike during previous recessions, a larger share of working women than men were laid off from their jobs.<sup>2</sup>

For many families, the pandemic exacerbated existing financial challenges. Economic mobility is largely driven by family financial stability and geographic resources such as transportation, quality education, and broadband access. The Fed's research and its ongoing work in community development show that there is no quick fix for the disparities in household financial stability. And no single organization or government agency can solve these complex problems alone.

### **The Importance of Collaborative Efforts**

This brings me to the importance of collaboration to address multidimensional community issues. While affordable housing and quality jobs are two very visible needs for low-income households, meeting these needs requires strategies that stretch across the fabric of the whole community, including childcare, education and training, transportation, and a safe and healthy environment. Collaboration between individuals and organizations of different talents and strengths can help find the kind of holistic solutions needed to bring greater opportunity to those at risk of being left behind in the recovery.

Today, we are here to celebrate Advance Together, one such effort to foster economic inclusion through innovative and collaborative programs. In 2020, the Federal Reserve completed a review of “place based” community development initiatives, those focused on a single community or area, across its 12 districts. While the place-based initiatives varied in purpose, scope, and approach from community to community, the very best of those local collaborations are reflected in Advance Together’s winning proposals. Most notably, each of these community-driven initiatives uses evidence-based research, fosters public–private partnerships, and promotes a collective vision for success.

The four winners that we are honoring today are the Educate Midland and Education Partnership of the Permian Basin; the Big Country Manufacturing Alliance, based in Abilene; the Family Pathways 2-Gen Coalition in Austin; and the Deep East Texas College and Career Alliance.

It has truly been a pleasure to learn about the unique and innovative efforts each of you are undertaking to address the education and workforce challenges in your own communities. Members of the Educate Midland & Education Partnership are analyzing student data to deepen their understanding of student outcomes by race and to identify practices that can reduce inequities in education and workforce development that limit economic opportunity. The Big Country Manufacturing Alliance is streamlining training and job placement for young workers interested in manufacturing careers. The Family Pathways 2-Gen Coalition supports students with children on their path to a college degree. And, finally, the Deep East Texas College and Career Alliance is helping rural and first-generation college students attain post-secondary credentials that are in demand by employers.

Just as Advance Together benefited from past place-based initiatives, the lessons learned from your local collaborations will inform and influence new community strategies going forward. I look forward to following your efforts to create economic opportunity in communities across Texas. It’s really an honor to join in your celebration today. Congratulations to the winners and thank you to all of the participants.

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<sup>1</sup> See Board of Governors of the Federal Reserve System (2020), [Update on the Economic Well-Being of U.S. Households: July 2020 Results \(PDF\)](#) (Washington: Board of Governors, September).

<sup>2</sup> See Board of Governors, *Update on the Economic Well-Being*, in note 1.