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I. Challenge and Policy Solutions

Economic Challenges Driving the Need for Education and Training

Widespread job loss is particularly impacting workers without post-secondary education and communities of color

Currently, social distancing due to COVID-19 has transformed our economy and society virtually overnight. In March and April, 22.2 million jobs were lost. Despite the relatively modest improvements in employment seen in May and June, overall employment levels are about 10 percent lower than in February. About 21.8 million people have left the labor force, become unemployed, or have been forced into part-time work because of the pandemic. The June unemployment rate remains a staggering 11.1 percent.¹

Among those unemployed, a disproportionate share are people with lower levels of education, people of color, people previously working low-wage jobs in industries most impacted by social distancing requirements, and young adults. The June unemployment rate for workers with only a high school education was 12.1 percent, nearly twice as high as the 6.9 percent unemployment rate of workers with a BA. The June unemployment rate was 15.4 percent for Black workers and 14.5 percent for Hispanic workers, significantly higher than national unemployment rate of 11.1 percent.² About 60 percent of Hispanic families and 56 percent of Black families experienced job or income loss between March and May, compared to 44 percent of white families.³ The youth unemployment rate was 23.2 percent. While job losses have been widespread, the leisure and hospitality industry has been hit hardest by social distancing requirements, losing more than 8.2 million jobs in March and April alone.⁴

The current crisis, though caused by a novel health pandemic, is accelerating longer-term trends that concentrates opportunity in the hands of workers with bachelor's degrees while leaving behind workers who do not have the traditional education and skills or are not recognized for the skills they have. Due to the structural racism that exists in our society, there has been chronic disinvestment in communities of color over generations, bias in the education system and the labor market, and income and wealth inequalities along racial lines.⁵ Consequently, workers of color continue to face systemic barriers that make it difficult to attain post-secondary education and be recognized for skills built through alternative routes.⁶ As the economy changes as a result of COVID-19, many of the jobs in which people with lower education levels were employed will not return, threatening to widen inequality along educational and racial lines.

This happened in the last recession as well—in the Great Recession of 2008, the majority of jobs lost were held by people without additional education beyond high school, a group that is disproportionately people of color. Approximately 4 out of every 5 jobs lost were held by workers without a formal education beyond high school.⁷ Despite a strong overall economic recovery from the Great Recession, that recovery has not been equal across education levels. From 2010 to 2016, 8.4 million jobs, nearly three-quarters of the jobs created during this period, have gone to workers with a bachelor's degree compared to the 80,000 jobs created for workers with only a high school degree or less.⁸ Black, Hispanic, and Native American unemployment rates – which were several points higher than the national unemployment rate – did not return to pre-recession lows until 2017, two years behind the national unemployment rate.⁹

¹ U.S. Bureau of Labor Statistics, Employment Situation June 2020. <https://www.bls.gov/news.release/pdf/empsit.pdf>

² Ibid.

³ Georgetown University Center on Education and the Workforce analysis of data from US Census Bureau, Household Pulse Survey, May 14–May 19, 2020. <https://medium.com/georgetown-cew/education-race-and-jobs-in-the-covid-19-crisis-c927be2c2487>

⁴ U.S. Bureau of Labor Statistics, Employment Situation June 2020. <https://www.bls.gov/news.release/pdf/empsit.pdf>

⁵ For further discussion on race and labor market see: National Skills Coalition, “The Roadmap for Racial Equity: An Imperative for Workforce Development Advocates,” September 2019; Race Forward, “Race-Explicit Strategies for Workforce Equity in Healthcare and IT,” June 2017.

⁶ “Reach for the STARS: The Potential of America’s Hidden Talent Pool,” published by Opportunity@Work and Accenture, March 2020.

⁷ Anthony Carnevale, Tamara Jayasundera, and Ban Cheah, “The College Advantage: Weathering the Economic Storm,” Georgetown University Center on Education and the Workforce, August 2012.

⁸ Anthony Carnevale, Tamara Jayasundera, and Artem Gulish, “America’s Divided Recovery: College Haves and Have-Notes,” Georgetown University Center on Education and the Workforce, June 2016.

⁹ Connor Maxwell and Danyelle Solomon, “The Economic Fallout of the Coronavirus for People of Color,” Center for American Progress, April 14, 2020.; Center on Budget and Policy Priorities, Chart Book: Tracking the Post-Great Recession Economy, Updated June 8, 2020.

The rising value of post-secondary education has been a driver of wage inequality for four decades.

Between 1979 and 2018, wages for the median worker barely increased, while wages increased by 38 percent for workers in the top 10 percent of the income distribution.¹⁰ There are many reasons for this rise in income inequality including the acceleration of global trade, the decline in the share of workers represented by unions, the decline in the real value of the minimum wage, and reduction in top federal marginal tax rates.¹¹ During this time, the overall number of well-paying, middle-skills jobs has declined. Instead, many workers without a BA have been forced into lower paying jobs that don't require additional skills beyond a high school diploma and that offer fewer pathways to opportunity.¹²

Yet a driving factor of income inequality during this period is the rising value our labor market places on post-secondary education. Between 1979 and 2018, median wage for workers with a high school degree or less have declined by 12 percent, while workers with a BA or more have seen wages grow by 14 percent.¹³ The earnings premium on a bachelor's degree has been increasing. According to research by David Autor, Claudia Goldin, and Lawrence Katz, this premium is a central force behind rising inequality over the past 40 years. Between 1980 and 2000, the education wage premium accounted for 65 percent of the change in the wage differential between people at the 10th percentile of the wage distribution and people at the 90th percentile. In the last two decades, the portion of the 90-10 wage differential that could be explained by the education premium was 48 percent.¹⁴

It is important to recognize that not all of the college wage premium is due to actual skill levels of individuals. In some cases, employers use a bachelor's degree or years of work experience in a particular field as a proxy to assess ability. This "degree inflation" denies skilled workers the chance to compete for good jobs and magnifies racial bias in the hiring process. For example, Burning Glass cites that 65 percent of job postings for executive assistants called for a bachelor's degree in 2014, even though only 19 percent of people currently performing that role today have a degree.¹⁵ This dynamic is playing out in occupations across the economy. The scale of this problem is immense—Opportunity@Work finds that 71 million Americans could compete for higher wage jobs if they were recognized for the skills required to successfully perform their current roles. Of this group, 30 million Americans could compete for jobs that pay 50 percent higher wages.¹⁶

That said, there is a significant value to a bachelor's degree. After controlling for key socio-economic factors that influence earnings and college completion, men with a bachelor's degree earn \$655,000 more over their lifetimes than their counterparts with only a high school degree. Women earn \$450,000 more.¹⁷ One study found that students on the margin of acceptance to Florida International University receive a 22 percent earnings gain between 8 and 14 years after high school graduation if they attended college, compared those who just missed the acceptance threshold.¹⁸

¹⁰ Wage growth was picking up before the current downturn and averages mask some differences even across the 1979 to 2018 period. These trends are heavily driven by declining wages for middle and lower-income men, whereas women have seen more wage growth. See Congressional Research Service Report R45090 for more details.

¹¹ For adults without a bachelor's degree, a \$1,000 increase in import exposure is associated with 1.11 percentage point decline in employment—i.e. a 250 percent greater proportional effect than for workers with college degrees (Autor, Dorn, and Hanson 2013). In 2019, union membership was at 10.3 percent, down from 20.1 percent in 1983 (the first year with equivalent statistics) (Bureau of Labor Statistics 2019). From the mid-1970s to the 1990s, researchers estimate that 10 to 20 percent of the increase in income inequality among men can be explained by declining union representation, particularly for the less-educated workers (Card 1998; Freeman 1991).

¹² In 1980, workers without a BA were similarly likely to work in a middle-skill occupation (43 per) as in a low-skill occupation (42 percent); today, their chance of being in a middle-skill occupation has plummeted to 29 percent. Roughly 87 percent of that shift was from middle-skill to low-skill occupations, while only a few shifted into high-skill work. See David Autor, "Work of the Past, Work of the Future," AEA Papers and Proceedings 2019.

¹³ Congressional Research Service, "Real Wage Trends, 1979 to 2018," July 2019.

¹⁴ David Autor, Claudia Golden, and Lawrence Katz, "Extending the Race between Education and Technology," NBER Working Paper 26705, January 2020.

¹⁵ Burning Glass Technologies, "Moving the Goalposts: How Demand for a Bachelor's Degree is Reshaping the Workforce," September 2014, https://www.burning-glass.com/wp-content/uploads/Moving_the_Goalposts.pdf.

¹⁶ Opportunity@Work and Accenture, March 2020.

¹⁷ Christopher R. Tamborini, ChangHwan Kim, and Arthur Sakamoto, "Education and Lifetime Earnings in the United States," *Demography* 52, no. 4 (2015).

¹⁸ Seth D. Zimmerman, "The Returns to College Admission for Academically Marginal Students," *Journal of Labor Economics* 32, no. 4 (2014): 711-54.

The economy that emerges from the crisis will likely put an even greater premium on training and education.

Even as the economy reopens, some estimates predict as many as 40 percent of jobs may not come back.¹⁹ Some business will close permanently. Some industries like food service, hospitality, retail, airlines, commercial real estate, and non-residential construction may not rebound fully and will likely employ fewer people overall.

Of the jobs that remain, many will require different skills to succeed. Some sectors are growing quickly in response to the crisis, including technology, logistics, and cybersecurity firms. Other industries are adopting new ways of working in response to changes in consumer demand and social distancing realities. For example, many healthcare functions have transitioned to telemedicine, and health providers are recognizing the benefits of new ways of delivering these services. Even after social distancing is over, many of these changes will remain permanent.

Even before the crisis, the share of good jobs that require the use of technology had been growing rapidly.²⁰ Jobs in retail, warehouses, and health care have seen among the fastest rates of digitization, threatening to leave behind workers without basic digital literacy skills.²¹

As technology and automation transform the economy, inequality based on skills and education will intensify. McKinsey estimates that those with a high school degree or less are four times more likely to perform “highly automatable roles” than those with bachelor’s degrees. Research shows that automation in the workplace exacerbates wage inequality, creating new opportunities for workers with the most education, while pushing wages down for workers without a BA.²²

Challenges for Individuals in Building New Skills

It is common for people who are unemployed to seek out education and training during recessions. Given the disproportionate impact of the crisis on workers without higher levels of traditional formal education and the rapid changes in the skills required to succeed in good jobs, many impacted workers are likely to see higher education or training as a way to position themselves for a good job. However, there are a number of challenges that policy needs to address in order to help people make this investment:

Affordability.

Even before the current downturn, many individuals in low-wage jobs without bachelor's degrees would have struggled to pay thousands of dollars for higher education or training. Now many people have lost their jobs and are focused on meeting basic needs for themselves and their families. Social safety net programs like unemployment insurance, food stamps, and Temporary Assistance for Needy Families (TANF), among others, do not cover assistance for education and training. In fact, under TANF, which serves people with the lowest incomes, mostly with children, education and training is limited by work requirements.²³

Wide variation in program effectiveness.

Although there is a high premium on a bachelor’s degree and post-secondary education is associated with higher earnings, education and training has not effectively served all people. There is a wide variation in quality among higher education and training programs, even within degree types. For example, the bottom 25 percent of earners with

¹⁹ Jose Maria Barrero, Nick Bloom, and Steven Davis, “COVID-19 Is Also a Reallocation Shock,” University of Chicago Working Paper No. 2020-59, May 2020.

²⁰ Burning Glass Technologies, “No Longer Optional: Employer Demand for Digital Skills,” June 2019 https://www.burning-glass.com/wp-content/uploads/no_longer_optional_report.pdf.

²¹ Markle Foundation, “Digital Blindspot: How Digital Literacy Can Create a More Resilient American Workforce,” October 2019, <https://www.markle.org/sites/default/files/2019-10-24-RABN-Digital-Literacy-ReportFINAL.pdf>.

²² Evaluating the impact of industrial robots on employment and wages, Acemoglu and Restrepo find negative effects on employment and wages for workers with a high school degree or less; marginally negative effects on employment for workers with college; and no effect for workers with post-college degrees (Acemoglu and Restrepo 2017:33). Per the authors, this implied low-skill automation “always increases wage inequality.”

²³ National Skills Coalition, “The Roadmap for Racial Equity: An Imperative for Workforce Development Advocates” September 2019, https://www.nationalskillscoalition.org/resources/publications/file/Racial-Equity-Report_6x9_web.pdf

a BA do not earn more than the top 25 percent of high school graduates.²⁴ Many programs are predatory, and others are ineffective—threatening to waste adult learners limited time and money. Even among programs that have are effective overall, outcomes vary widely across populations. Many prospective learners lack the information and support to make informed decisions to select the programs that will best meet their personal goals.

Limited scale of effective online programs.

Social distancing has already created widespread disruption to traditional education and training options. Thirty four percent of Americans have either changed or cancelled their previous education plans as a result of the crisis. As many functions of daily life are transitioned online, millions of students are now in programs delivered virtually. Americans cite a desire for more accessible, flexible learning pathways, and have increased their interest and see online education as their preferred mode of learning.²⁵ Yet while there are many online learning options available today, there is insufficient supply of effective programming in high-demand sectors. Access to foundational skills such as English language, digital literacy, and basic math is also limited. Online programs have a track record of weaker outcomes for underserved populations and people of color, threatening to further widen educational equity gaps if not addressed. In large part, this is due to the limited access online learners have to the supports and services available in in-person settings. Evidence shows that frequent and meaningful interactions with instructors and other students is key to academic success yet is reduced in online settings.²⁶

Employers not recognizing talent or investing in training.

Education and training programs result in better outcomes for participants when they are linked closely to jobs. Employers can ensure that the skills taught are aligned to their needs, and “earn and learn” programs and upskilling for current workers can make training more affordable and accessible for working adults. Employer-provided training is not measured consistently or precisely, but there is some evidence that, in recent decades, employers have backed away from their investment in training, particularly for workers in low and middle wage jobs.²⁷ As a result of the current economic crisis, many employers are expected to further reduce spending on direct provision of training and support for external programs. This risks undermining an important source of high quality training at a time when workers need it the most. One possible reason for this change is that workers move around jobs more fluidly now and employers worry about investing in training, only to lose their workers to a competitor.²⁸ Moreover, many employers rely on proxies like college degrees or years of industry work experience to assess ability, denying opportunity for workers who have built skills through alternative routes, or who may be transitioning from a different sector.

Limited digital access for underserved populations.

Low-income, underserved, and rural communities have significantly less access to the broadband services, devices, and connectivity needed to participate in online learning. Institutions that traditionally help bridge the digital divide, such as libraries, are not able to serve communities in the same way during social distancing. As a consequence, many low-income workers are unable to access critical reemployment services and have significantly less access to online education and training.

²⁴ Connor Harris, “The Earning Curve: Variability and Overlap in Labor-Market Outcomes by Education Level,” Manhattan Institute, February 2020, <https://www.manhattan-institute.org/high-school-college-wage-gap>.

²⁵ Strada Public Viewpoint: COVID-19 Work and Education Survey Weeks 6-8.

²⁶ Di Xu and Shanna Smith Jagers, “Adaptability to Online Learning: Difference Across Types of Students and Academic Subject Areas,” Community College Research Center Working Paper No. 54, 2013.; Spiros Protopsaltis and Sandy Baum, “Does Online Education Live Up to Its Promise? A Look at the Evidence and Implications for Federal Policy,” 2019.

²⁷ C. Jeffrey Waddoups, “Did Employers in the United States Back Away from Skills Training during the Early 2000s?” *ILR Review* 69, no. 2, March 2016.

²⁸ Normann Müller and Friederike Behringer, “Subsidies and Levies as Policy Instruments to Encourage Employer-Provided Training,” OECD Education Working Papers No. 80, June 2012.

Policy Solutions

The policy proposals that follow are driven by the challenges that individuals face in completing training and education, which we have outlined above. Our proposal is separated into four key goals for policy, with policy ideas to achieve each of those goals.

1. Expanding access to effective learning for all adults
 - a. Idea 1: Create a new “opportunity account”—a federal funding stream specifically dedicated to helping all unemployed and low-wage workers afford education and training programs that lead to higher skill jobs, including online programs.
 - b. Idea 2: Make online training more available by supporting the expansion of effective online programs, helping traditional education providers make the transition to online learning, and supporting new programs.
2. Encouraging employers to maintain their commitment to training and upskilling during the economic crisis and ramp up training and hiring as the economy recovers
 - a. Idea 3: Establish financial support for employers to invest in training for new hires and upskilling.
 - b. Idea 4: Provide support for small- and medium-sized businesses in developing talent strategies.
3. Helping dislocated workers make informed decisions in a changing economy
 - c. Idea 5: Expanding investments in coaching and counselors
 - d. Idea 6: Improve data infrastructure to expand access to accurate and timely information
4. Closing the digital divide

Each of these ideas is structured to address multiple challenges that individuals are facing. For example, our proposed opportunity account addresses both affordability for individuals and the variation in program effectiveness by only funding effective programs and providing more funding for the most effective programs. It also addresses the limited scale of online programs by funding all effective programs regardless of the type of provider or modality.

Within each policy idea, we have noted the key objectives for policy with options and considerations so that policymakers can assess the ways to achieve these objectives and pull them together in different combinations.

Section I. Expanding Access to Effective Learning for All Adults

The section below outlines two policy ideas aimed at expanding access to effective learning for all unemployed and low-wage workers:

- **Idea 1: Create a new “opportunity account”**—a federal funding stream specifically dedicated to helping all unemployed and low-wage workers afford education and training programs that lead to higher skill jobs, including online programs.
- **Idea 2: Make online training more available** by supporting the expansion of effective online programs, helping traditional education providers make the transition to online learning, and supporting new programs.

Idea 1: Create a new “opportunity account”—a federal funding stream specifically dedicated to helping all unemployed and low-wage workers afford education and training programs that lead to higher skill jobs, including online programs.

Context: The two primary ways the federal government provides financing support for individuals—the Workforce Innovation Opportunity Act (WIOA) and Pell Grants have important missions, but neither are designed to provide broad access to career-oriented education and training that improves economic mobility for unemployed people.

The majority of federal workforce dollars are spent at the discretion of local boards, who must divide very limited resources among job search, counseling, and training activities. In most cases, only a small fraction of unemployed people can access Individual Training Accounts (ITAs). For example, in 2009 and 2010, while 15 million people were unemployed, only 270,000 people received any funding for training.²⁹ Moreover, unemployed workers can only use public funds to pursue programs on the Eligible Training Provider Lists. In many states, eligible programs are not sufficiently focused on the labor market outcomes of their participants—instead allowing funding for programs with poor labor market outcomes while excluding successful programs, including those delivered online that will be critical to delivering training in the current moment.

Pell Grants are more widely accessible, but eligible programs are not narrowed by their success in placing students into good paying jobs. Pell Grants are also still hard for people to access who have become recently unemployed because prior earnings may disqualify them.

Summary: The federal government should give unemployed and low-wage workers an “**opportunity account**” that allows workers to pursue effective training that’s right for them without cost as a barrier. Workers should have available to them sufficient funding to pursue education and training programs of any length and mode of instruction, from short-term programs to college degrees, including programs delivered online, as long these programs meet certain criteria around effectiveness, including wages and employment. This includes taking steps to making effective online training programs including those offered by major employers more broadly available and ensuring that new public funding can be used to pursue online programs. Once a worker decides which program to pursue, funds would be distributed to the provider of their choosing. The amount of funding available for each individual should reflect the expected impact their chosen program has on their employment outcomes and the cost to deliver the program. To make this policy equitable for underserved groups, people who need more support to help them successfully participate in and complete effective training programs (child care, housing, transportation, food) should receive additional support through the opportunity account.

Additional detail

Policymakers should consider the following goals when developing the opportunity account:

- Objective 1: Make sufficient funding available to remove cost as a barrier for programs
- Objective 2: Make sure funding supports programs that improve employment and wage outcomes
- Objective 3: Ensure that the necessary data infrastructure exists in order to measure program effectiveness

Objective 1: Remove cost as a barrier to effective education and training

Opportunity accounts should offer people three potential tiers of funding depending on the effectiveness of the program they choose to pursue, whether that is a short-term or longer-term program. To encourage individuals to pursue programs with greater impact on economic mobility, funding levels should be more generous for programs that have a history of leading to high-paying jobs and create meaningful wage gains for those who need it most.

- *Tier 1. Digital economy dividend: All unemployed and low-wage workers should receive \$500 to pursue any online training program of their choosing.* The intent of this funding is to allow workers to pursue short-term online training that will provide them with marketable skills. The funding level is meant to be low enough that there is not a need for a great deal of restrictions on this funding. This investment should be limited, however, to programs that could conceivably help someone to improve their chances of getting a better job rather than online learning for personal benefit. One option is to limit funding specifically to foundational skills required for success across a wide range of industries and occupations, including digital literacy training, remedial math, and English Language Learning programs.
- *Tier 2. Mobility funding: Unemployed and low-wage workers should be able to use up to \$8,000 to pursue programs that lead to a higher paying job.* Workers should be able to use this funding to pay for program costs from a diverse list of pre-approved programs that help participants pursue a better job than they would have before participating. For example, programs could be eligible if they demonstrate that past participants saw a wage gain of at least \$2,000. These programs could include short-term certificates, associate’s degrees, employer-provided training, union-provided training, and more, provided they deliver outcomes related to job-demand, completion rates, and wage gains (more below). The amount of funding available would be at least \$1,000 and would depend on program costs up to the cap. The funding amount would also depend on the rigor of evidence that the program gets people into jobs and raises wages. Only a fraction of program costs should be covered for programs with less rigorous evidence of meeting these criteria. Providers would be encouraged to include supportive services for students like coaching, academic mentoring, and trauma-informed counseling in their program costs.
- *Tier 3. Next-Level funding: The most generous funding should go for unemployed and low-wage workers to pursue programs with the greatest impact on economic mobility that significantly boost their earnings and lead to good-paying jobs. This funding should cover both program costs and non-program costs necessary for all adults to successfully participate.* Programs with the most significant impact on economic mobility—often in STEM, clinical care, and other technical fields tend to be more expensive and take longer to complete. To make sure that as many eligible individuals as possible can access and succeed in these high-value programs, individuals should be able to use funds to cover basic costs such as food, housing, child care, and transportation. Research shows that non-tuition supports are critical to program success for low-income adults and people of color.³⁰ Others show that that support for non-tuition costs is essential for success, and in many cases is a greater affordability challenge than tuition itself.³¹

³⁰ Evaluations of comprehensive support programs, such as the Accelerated Study in Associate Programs (ASAP) operated by the City University of New York (CUNY), that provide community college students with wraparound services including counseling, transportation support, and referrals to other services, significantly improve student academic outcomes as well as persistence and graduation rates. See J-PAL Policy Insights, “Reducing Community College Dropout through Comprehensive Supports,” February 2020 for further discussion.

³¹ Jason Delisle, “Evidence Against the Free-College Agenda: An Analysis of Prices, Financial Aid, and Affordability at Public Universities,” American Enterprise Institute, May 2020.

The total amount of funding offered in the Next-Level tier should be determined by both the wage gain outcomes of similar past participants in these programs and the level of wages attained by those past participants.

- *Up to \$15,000 should be available for high-value programs with a significant impact on wages.* The specific wage gain threshold could be flexible based on overall resources available, but could be set around \$4,000 per year for the first couple of years after the program, based on research of the most effective programs.³² Many of these programs are effective at increasing wages for low-income workers. While most of these programs cost well below this cap, some limit on costs is appropriate to prioritize resources for programs that lead to career sustaining wages.
- *Full funding should be provided for programs that both increase wages and place participants in high wage jobs, with full costs of the program and supports for students covered.* If an individual wants to pursue a program that has a significant impact on their wages and places them in a high-wage career, the federal investment should be sufficient to make these programs free and cover the full costs of attendance. For example, this tier of funding could go to programs that increase wages by at least \$4,000 per year and lead to jobs that pay over \$50,000. The wage threshold requirement is critical to prioritize resources in programs that create family-sustaining wages. However, the wage-gain requirement is also important to discourage programs from only serving those already expected to succeed in high-wage jobs, like those who already have a bachelor's degree. Examples of these programs are two-year and four-year degrees in high-demand and high-wage careers like advanced manufacturing, nursing, and software development. Employer-provided apprenticeships could also meet these requirements and a portion of classroom training and wages could be covered. Coding bootcamps and other non-traditional programs could also be covered if they can show sufficient wage gains and track results. Some cap on costs should be considered that is appropriate for programs that raise wages by about \$4,000 per year, or further tiers could be established to cover higher-cost and higher-return programs.

Objective 2: Make sure funding supports programs that improve employment and wage outcomes

It is critical that policy provides workers with a way to use their time and resources to pursue programs that put them in a meaningfully better position to succeed in the changing economy. Traditional ways of assessing program value, such as the length of the program or the modality of the instruction, do not assess whether a program helps people get good jobs and stifle the potential for innovative educators to pioneer new approaches to affordable, accessible, and effective career-oriented learning. Instead, the federal government should assess programs by the outcomes adults are prioritizing when they make the decision to build additional skills—namely, their ability to get into a new career path and increase their income or job quality. These outcomes include:

- Skills gained
- Employment rates
- Wage levels
- Wage gain

In connection to new federal investment, the federal government should set baseline parameters for how to incorporate each of these measures to assess program effectiveness. All programs will be assessed based on employment rates and wage gains, disaggregated by education and race so that programs need to show wage gains for people without a Bachelor's degree and people of color within that group. Disaggregating these data should help to provide some advantage or at least not disadvantage institutions that disproportionately serve these populations. States could create additional criteria and determine the pool of eligible programs for their state training lists that best meet the needs of the population and economy.

³² Programs such as Per Scholas, Project QUEST, and Year Up have all shown, through rigorous evaluation, to have earnings gains of more than \$4,000 a year for their participants, even several years after program completion. Year Up, for example, increased average quarterly earnings by \$1,895 (\$7,580 annual increase) compared to counterparts who did not participate in the program. For more details, see D. Fein and J. Hamadyk, "Bridging the Opportunity Divide for Low-Income Youth: Implementation and Early Impacts of the Year Up Program," OPRE Report #2018-65, May 2018.

Objective 3: Ensure that the necessary data infrastructure exists in order to measure program effectiveness

It is critical for states to understand what programs are going to put workers in the best position to succeed. This is particularly important to assess new programs and determine which should be eligible for public dollars. The federal government should invest to help all states build the necessary longitudinal infrastructure to securely link data systems to track outcomes, expand capacity to analyze this data in real time, and track outcomes across state lines. These data should also be disaggregated by race, gender, and geographies to ensure that programs are meeting the needs of all populations. More detail of proposed federal data infrastructure investments below.

Implementation options

The Opportunity Account proposed above could be administered in a number of different ways, including as a new program or using existing systems:

New program

- Under a new program, the vision is to direct people to a state portal where they can find out if they are eligible for training and education benefits and can see a list of the different programs eligible at different tiers of funding. People could enroll in these programs directly, with the Department of Labor providing funding to the training provider. People would also see a list of organizations in their area that are able to help them enroll in programs and provide coaching services. Those organizations would include community-based organizations, local governments, public libraries, local workforce centers, and others that are picked to be coaching providers (see below for more on the coaching proposal).
- Making sure that there is ample awareness of a program is key to high take up, particularly among populations of color and other underrepresented groups. For people that are on Unemployment Insurance, the state could make them aware of the training portal through their regular online platform and mailings that are used to verify eligibility on a regular basis. To reach other unemployed individuals and low-wage workers, states could partner with major employers to make their workers aware, and community-based organizations receiving coaching funding could receive some funding for marketing the program.

Building on existing programs

- The funding for unemployed individuals could be provided through an updated individual training account within WIOA. Individual training accounts are currently provided on a somewhat ad hoc basis with the number of accounts available and distribution criteria set by local boards. This policy could be implemented by providing funding through WIOA that is only for individual training accounts that are eligible to everyone who is receiving unemployment insurance. To achieve the goals around program effectiveness it would be necessary to change the WIOA statute to clarify that ITAs can only be used for a set of programs that is determined in the method described above, with federal parameters being set and states being able to set additional criteria.
- States that have existing programs that provide education financing to residents (e.g. Tennessee Reconnect, Indiana's Workforce Ready Grants) could add this new federal funding on top of their current funding as long as it is only used for programs that meet the minimum federal requirements.
- The funding could be provided on top of unemployment insurance for use at an approved program. This would be more feasible if unemployment insurance were nationalized and/or unemployment insurance systems at the state level were dramatically improved to allow for a tailored approach to how much funding each individual receives. It would also need to be clear that participating in education and training is not a requirement for receiving unemployment insurance. This option would not help to provide the benefit to low-wage workers and would need to be combined with another option to reach this group.

Idea 2: Make online training more available by supporting the expansion of effective online programs, and by helping traditional education providers make the transition to online learning, and supporting new programs.

Context: Social distancing has already created widespread disruption to traditional education and training options—in a recent Strada survey, 34 percent of Americans have either changed or cancelled their previous education plans as a result of the crisis.³³ Many post-secondary institutions and workforce programs like Year Up and Per Scholas are shifting their in-person operations online. During this time, attitudes about online learning have changed rapidly. Some online education platforms have seen a 600 percent increase.³⁴ While about a third of recently surveyed Americans have changed or cancelled their education plans, the plurality of Americans preferred online education and training to other options.³⁵

This crisis underscores the important role online learning can play in a new adult learning system. While there are pockets of success in online education today, effective career-oriented learning is focused in certain sectors and has seen most success serving people who already have post-secondary education. Historically, online learning has been unequally effective across socioeconomic groups. Students with weak academic preparation and those from low-income and underserved communities consistently perform worse in online settings than their better-resourced counterparts. In large part, this is due to the limited access online learners have to the supports and services available in in-person settings. Evidence shows that frequent and meaningful interactions with instructors and other students is key to academic success yet is dramatically reduced in online settings.³⁶

Summary: Policymakers should take steps to fill gaps in online education offerings so that any unemployed worker who wants to build additional skills can do so online. In order to have the breadth of effective online programs to meet this challenge, the federal government should dedicate funding to make sure that online training landscape meets the following objectives:

- *Create sufficient capacity to meet demand for training in high-demand sectors:* While the economic crisis limits the number of jobs employers are hiring for today, federal policy should help ensure there is enough effective training capacity, including training programs online, to help unemployed people build the skills they need to get good jobs in high-demand sectors when the economy recovers.
- *Ensure access to foundational skills training in an online environment:* Policy should ensure sufficient access to programs that teach skills that are precursors to any career opportunities, including remedial math, English language learning, and digital literacy.
- *Serving the needs of underrepresented and diverse populations:* The same programs are not likely to work for everyone in the same way. Policy should make sure that online learning can serve the needs of learners across socioeconomic and academic backgrounds. The structure of the opportunity account is focused on making sure that supportive services and cash assistance are available to individuals. Providers, however, also need to structure their programs to provide supports needed and create the cultural competency to serve diverse populations. Policymakers can ensure that this happens by encouraging program spending on student supports, by setting funding targets for serving underserved population, or creating set asides for providers with a history of serving those populations (e.g. HBCUs and tribal colleges).

³³ Strada Public Viewpoint: COVID-19 Work and Education Survey Week 8 Report.

³⁴ As reported in the May 2020 Wall Street Journal Article, “Coronavirus Lockdowns Spark Boom in Online Learning for Adults, Too”: Coursera has had more than 10 million people sign up for its classes between mid-March and mid-May, a 600% annual increase.

³⁵ Strada Public Viewpoint: COVID-19 Work and Education Survey Week 6 Report.

³⁶ For further discussion, see Spiros Protopsaltis and Sandy Baum, “Does Online Education Live Up to Its Promise? A Look at the Evidence and Implications for Federal Policy,” January 2019; and Di Xu and Shanna Smith Jaggars, “Adaptability to Online Learning: Difference Across Types of Students and Academic Subject Areas,” Columbia University Community College Research Center Working Paper No. 54, 2013.

Policymakers should consider funding to expand effective online learning via five complementary approaches designed to achieve the objectives above.

1. **Rapid Online Scaling Grants:** Funding to scale the most effective current online programs to serve more learners
2. **Online transition grants for successful workforce programs:** Help effective in-person, career-oriented programs transition online
3. **Digital innovation alliance labs to improve online education:** Address longstanding challenges in the effective delivery of online education, particularly for low-income populations and people of color who experienced worse outcomes in online education
4. **Innovation Grants for new online programs:** Create new programs to meet gaps in current offerings
5. **Online education evaluation funds:** As programs shift online, put in place necessary measurement and evaluation to understand how to better serve diverse populations in an online environment

Additional detail:

Proposals taking each of these approaches are laid out below. The ideas below could be combined into the same grant vehicles or kept separate to preserve the distinct elements of each.

Policy Approach #1. Rapid Online Scaling Grants

Competitive funding should be made available to help the most effective online programs to expand their offerings to serve more learners. Eligibility should be open to single providers or coalitions of providers with a track record of success in online education. This could include a range of providers such as our and two-year public colleges, community-based training programs, or apprenticeship and other labor training programs.

Policymakers should consider the following criteria for these grants:

- *Effectiveness in serving students online, especially a track record in helping students get jobs with higher wages.* This should be assessed based on program performance prior to the crisis, which is more likely to be an indicator of program outcomes over time as the economy recovers, so long as the programs are focused on building skills that are expected to be in high-demand.
- *Experience in effectively serving populations that resemble the unemployed population.* This includes workers with less formal education, older workers with family responsibilities, and workers of color. These populations benefit from more support including academic mentoring, trauma-informed care and culturally competent practices, help identifying support services, and other coaching.
- *Willingness to pursue partnerships to expand expertise.* In circumstances when an individual provider does not have experience in certain content or with a certain population, partnership with providers with complementary experience could help to increase the likelihood that the scaling will be successful.

Policy Approach #2. Online transition grants for successful workforce programs

Social distancing has disrupted traditional workforce programming for millions. While not all programs can be delivered online, many technical training programs at community colleges, apprenticeships, and union training programs are adapting to virtual learning. Yet most programs lack the support they need to do so quickly and effectively. One way to provide this support is by providing states with dedicated funding to stabilize their public higher education systems in the face of expected fiscal challenges. This funding could be focused in part on helping public institutions transition in-person programs to online formats. While fiscal support to states to stabilize public higher education systems is an important first step, policymakers should also consider more targeted support to help the most effective in-person programs transition online.

The following should be considered when awarding funding for this purpose:

- *The effectiveness of programs delivered in person.* Programs that were proven to be effective in raising wages for individuals prior to the crisis should be given high priority. Programs that were effective in serving populations with lower outcomes in general should be given even higher priority.
- *Partnerships with employers.* A strong employer training component is critical to success for many workforce programs. Priority should be given to programs that plan to maintain this connection in their online format.
- *The breadth of programs needed across geography and sector.* Priority should go to programs that are meeting critical gaps for communities or sectors otherwise unable to access training during social distancing.
- *Mitigation against the risk of failure.* Not all programs will be able to successfully transition online. Mechanisms should be put in place for continued funding to contingent upon successful performance.

Policy Approach #3: Digital innovation alliance labs to improve online education

The federal government should create three or four alliances of the most effective online education programs, businesses, technologists, and researchers to tackle challenges in the successful online delivery for diverse populations. Each alliance would be charged with rapid innovation and scaling of online programs in high-growth, high-wage fields like health and information technology or with driving innovations in long-standing challenges that have limited the effectiveness of online education—particularly for underserved populations. The alliances would be evaluated to ensure learnings and successes are shared to make these lessons available more broadly.

To do so, the federal government should identify core problems in online education to be addressed by these grants. The focus should be on the desired outcome and a specific strategy to address it. For example, the government could provide funding to alliances to address persistence and completion challenges for first-generation college students who take programs online, or focus on how to provide cost-effective online training in very hands-on fields such as advanced manufacturing or the trades. Applications should be judged on the collective experience of the alliance members in solving the proposed problem.

Policy Approach #4: Program creation grants for new online programs.

Funding should also be available for newly created online programs, either from existing providers or new providers. Funding should be available for both program start-up costs and to help to provide aid for students to go through the program. This funding should be restricted to programs designed to prepare people for jobs where there is a gap or shortage in current online programs.

Providers offering new programs would need to demonstrate the following criteria have been met, either independently or as part of a consortia:

- History of serving a population similar to those that are unemployed and are proposed to be served by the new program
- Commitment to provide advising and supportive services that are needed to serve the population as part of the provider’s model or in partnership with others

Policymakers should consider the following additional options to help protect against new programs failing and putting students at risk:

- Providing only a limited amount of funding for tuition slots
- Putting in place a cap on how many students can be served until data are collected
- Putting a cap on the total grant size.

After showing data on competencies gained, employment, and wages, then those programs could qualify for reimbursement of costs for students that had already gone through the program.

Policy Approach #5: Online education evaluation funds: Evaluation funding: Study the results of online programs

A rapid transition to online learning due to traditional programs moving online and a dramatic increase in enrollment in existing online programs, presents an important opportunity to understand what was effective, who gained valuable skills and who did not, and the racial equity implications of this time period. This is an important time to conduct live experiments to better evaluate what works to create, deliver, and engage in digital learning for a diverse population of adults. The federal government should dedicate funding for the Department of Education to work with third-party evaluators to put in place the necessary infrastructure to capture this data to better learn how policy can improve digital learning, particularly to address equity gaps in student success and improve economic security for communities of color.

Section II. Encouraging employers to maintain their commitment to training and upskilling during the economic crisis and ramp up training and hiring as the economy recovers

In a system of effective adult learning, employers should play an active role in helping workers succeed in the changing economy—both by recognizing skills that workers already have and by investing resources in helping workers build new skills.

Employers should support current and future workers in building the skills needed to succeed on the job, either by delivering training directly or by partnering closely with education and training providers and helping their workers' pay for these programs. Employer provided training has historically been an important source of lifelong learning that addresses many of the challenges that individuals face: employers help finance these programs for their workers, addressing affordability concerns; these programs are more flexible and realistic for people who need a paycheck and training at the same time; and these programs are more effective in helping people get jobs and advance in a job by the nature of being linked to a job already. However, employers have scaled back their investments in recent years, particularly for people in low and middle wage occupations. As employers try to cut costs during the recession, workers are at risk of losing access to this critical skill building opportunity at a time when they need it most. Policymakers should consider ways to incentivize employers to continue these investments and rapidly increase them as they start to hire workers again. A comprehensive policy would address two objectives:

- **Idea 3: Establish financial support for employers** to invest in training for new hires and upskilling.
- **Idea 4: Provide support for small- and medium-sized businesses** in developing talent strategies.

Idea 3: Establish financial support for employers to invest in training for new hires and upskilling.

Context: Some kind of a monetary incentive for employers to provide training could be helpful for employers to maintain their current investments in training and to increase investments by other companies. Especially during recessions, small and medium-sized employers, are cash constrained and spending money on training can be difficult. Even for larger companies, there is not an incentive for employers to invest in training individuals in skills that can be transferred to another company, and yet those are the skills that are most valuable to an individual.

Summary: It is critical for policymakers to focus on the type of training they want to incentivize and the types of jobs that merit training investment. Simply funding each employer a certain amount for training would lead to a subsidy for training that is already happening and could result in employers creating very light training for low-wage jobs. Instead, policymakers should consider criteria for incentives that will lead to new investments in training and jobs that are most valuable to individuals:

- *Employer co-investment:* Employers should have to make investments in the training as well. The rate of employer match could depend on the size of the employer.
- *Robustness of training:* The goal should be to support significant training and work-based learning experiences. There could be a requirement of a certain number of hours of training or demonstrations of competencies gained. Policymakers could also decide to cover only certain types of training. Examples include covering the classroom portion of apprenticeship programs or covering some portion of wages for internships with a commitment to hire.
- *Wages, job quality, and wage gains:* Government funds are limited, and there is an argument for focusing funding for employer-provided training on jobs with a good level of pay, benefits, and worker representation. When providing funding for employer-provided training of existing workers, policymakers should also consider having a requirement around the wage gain.

Additional detail

Implementation options:

There are a number of ways to implement these incentives for employer-provided training. Three options are discussed below:

- **Federal workforce system.** There are two programs within the existing federal workforce system (the Workforce Innovation and Opportunity Act) that provide subsidies to employers for training.
 - Through On-the-Job Training (OJT), employers can receive up to 50 percent of the wages for an employee who is receiving training on the job. OJT subsidies are currently based on employer size rather than wage gains or past history of success. These subsidies are also left to the discretion of local workforce boards. Changing these parameters to encourage funding for effective training and making OJT a more standard benefit to employers could increase its use across the workforce system.
 - Through incumbent worker training (IWT), local workforce boards are allowed to devote up to 20 percent of their funding to training people already in jobs. Currently, these programs have limited requirements on what kind of training can be covered. As a consequence, training that would have been provided anyway may get subsidized, and skills learned may only be relevant to the individual company, without a requirement that wages be increased to recognize the added value of the skills to the firm. A better approach would be to provide financial support for upskilling that builds transferrable skills and leads to wage increases. WIOA rules around incumbent worker training could be changed to address this. Funding would also need to be dedicated to incumbent worker training, as it is very uncommon for local boards to choose to use funding for incumbent workers during a recession when so many are unemployed.
- **State-run grant programs directly to industry.** Support for employers to invest in training could be provided directly by states through a grant program. Beneficiaries could be both businesses and labor-management partnerships. Many states already have some sort of grants available for businesses to train workers (normally existing workers), and federal funding to states could help put programs in place in states that do not currently have them and expand programs to cover new hires. Most of the state programs have very few requirements on employers receiving grants, and the federal government may want to put in place some minimum criteria for states to build on. As a way to save funding, the federal government could require that states utilize any existing funding already in place.
- **Federal tax credit.** A federal tax credit for training is another way to get funding for training to businesses. This would reach much higher scale than a state-run grant that businesses would have to apply for. Businesses would have greater awareness if done through the tax code and it would be important to set the criteria carefully to make sure that the credit is not funding existing training and to make sure the training is only for quality jobs. The Aspen Institute has one [proposal for such a tax credit](#), but it was designed for current workers rather than new hires.

In addition to providing funding and incentives for employer-provided training, three complementary federal policies could also be explored:

- First, the Securities Exchange Commission could require employers to disclose their investments in training publicly, as a way of encouraging these kinds of investments.
- Second, better data on employer-provided training could be collected so that policymakers can understand whether or not the decline in these investments continues or reverses as a result of the proposed policies, with the ability to disaggregate data by firm size and the wage level of the positions receiving training.
- Finally, changes to how investment in equipment is taxed should be considered to ensure that the tax code is equally prioritizing human capital investments and hiring of workers relative to investments in automation and capital.

Idea 4: Provide support for small- and medium-sized businesses in developing talent strategies.

Context: Employers sometimes need support in understanding their talent needs and building a talent strategy. Such support would allow employers to provide education and training partners the necessary input to identify in-demand skills and map career pathways for job seekers. As one example, Skillful works with employer-serving intermediaries in Colorado and Indiana to help local businesses articulate their talent needs in terms of skills or competencies to solve talent challenges in hiring, onboarding, retention, upskilling, and workforce planning. Taking a skills-based approach helps employers create pathways for people without a bachelor’s degree, a group that is disproportionately low income and people of color, and reduces racial bias in the hiring process. A skills-based approach also makes it easier for employers to communicate their needs to local training providers, which in turn can inform curriculum design. Another example is the [Talent Pipeline Management \(TPM\) Academies](#) run by the U.S. Chamber Foundation.

Summary: Funding should be made available to provide talent consulting to small- and medium-sized businesses. This would include support on hiring inclusively, creating a talent pipeline into the company, and investing in current workers to retain and advance them. As an example, National Skills Coalition has [a proposal](#) to scale industry partnership programs at the Department of Commerce to help small and mid-sized businesses connect to “industry experts and stakeholders who can advise them on strategies to recruit skilled workers, support and upskill incumbent workers, and further adapt to economic shifts caused by the current health crisis and technological change.”

Section III. Helping dislocated workers make informed decisions in a changing economy

Dislocated workers are facing complex, high-stakes decisions as they navigate structural changes in the economy. Do the skills they have built throughout their lives prepare them to move into good jobs in other industries that are hiring? What additional skills or credentials might help them return to work more quickly or improve their long-term economic stability? If they choose to pursue additional education or training, what program will best meet their needs? While focusing public funding on training programs with a track record of success is a first step, people need personalized information and support to select career paths and, if training is necessary, the program that best meets their unique needs and career goals. To help workers make informed decisions, policymakers should explore the following ideas:

- **Idea 5: Expanding investments** in coaching and counselors
- **Idea 6: Improve data infrastructure** to expand access to accurate and timely information

Idea 5: Expanding investments in coaching and counselors

Context: Career coaches can be an invaluable resource to workers in transition. Coaches provide strategic guidance that help workers: identify a career pathway that meets their particular skills, needs, and aspirations; decide whether to pursue training; and identify available support services to help people meet basic needs.

Research shows that interventions that include coaching help people who have lost their job get back to work faster and earn higher wages. Effective coaching and navigation support can empower people to make informed decisions about what learning opportunity meets their needs and improves persistence of and completion of programs. However, there are not enough coaches to respond to the crisis, and most current coaches lack access to the training and tools they need to provide effective support.

Summary: Investments should be made to hire more coaches in the federal workforce system and additional funding should be provided to states to expand coaching, provide coaches with training, and create a unified coaching system across the state.

Additional detail:

Make investments to hire more coaches in the federal workforce system

Even before the economic crisis, high caseloads limited the ability of coaches in the federally funded workforce system to provide personalized support to their clients. To ensure that the influx of unemployed job seekers receive the quality support they need, the federal government should increase investments in Wagner Peysner reemployment assistance programs and the Workforce Innovation and Opportunity Act programs, including Adult Education and Vocational Rehabilitation programs, to enable local workforce boards to hire more counselors at American Job Centers. Investments should also be made to increase the set aside for WIOA dollars at the discretion of state governors to support professional development and training for workforce coaches. Finally, the Department of Labor should provide guidance to states on (a) how to use current WIOA performance measures to reduce the focus on employment alone and increase the focus on skill-building and high-wage job opportunities and (b) how to reduce the amount of time spent by coaches on compliance and reporting.

Provide additional funding for states to expand coaching, provide coaches with training, and create a unified coaching system across the state.

Provide additional state-distributed funding to expand coaching. Adults receive coaching across a diverse range of providers—including the federal workforce system, community colleges, and community-based organizations such as Goodwill or Urban League. To make sure that unemployed and low-wage workers receive support at institutions they already know and trust, the federal government should provide funding for states to award grants to local organizations that are effectively serving unemployed populations during this crisis. A concerted effort should be made to identify organizations that have historically reached underserved and low-income communities as well as communities of color. The federal government should require that funds be distributed in coordination with funding in the federal workforce system and with similar performance structures that emphasize long-term wage progression.

Provide coaches with training, data, and tools they need to serve workers. Today, most coaches across providers receive little training focused on building the skills they need to effectively serve clients. The federal government should provide dedicated funding for robust training that helps coaches build skills including: understanding a client’s needs, goals, and current skills; awareness of local labor market data and the needs of local employers; assessing education and training options; tools to provide trauma-informed care and counseling; and navigating available support services. These components are part of the Governor’s Coaching Corps that Skillful runs in Colorado and Indiana. The program trains current frontline staff in workforce centers, community colleges, high schools, and other organizations how to be more effective career coaches. Coaches may also need additional training that is specific to meet the needs of the population they serve.

Incentivize state unified coaching systems focused on long-term success. In order to receive funds, states should take steps to ensure that individuals can get quality support regardless of where they receive coaching. To do so, states should be required to develop common intake and referral systems and common training systems across their workforce system, the new state-funded coaching, and the higher education system. Over the longer-term, states should develop common performance incentives for coaches, focused on helping workers improve long-term employment outcomes and increase their wages.

Expanding effective support for all populations. Policymakers should consider ways to make sure that all populations among the unemployed are reached including populations that are traditionally underserved including people of color, immigrants and refugees, individuals with limited English proficiency, and others. There are number of options to reach this goal including:

- Incentive funds for states. Additional performance-based funding could serve as an incentive fund for states to prioritize these populations.
- Targets and set asides. Funding to states could include targets for certain populations served or set asides.
- Encouragements for diverse hiring. States could be asked to make explicit efforts to recruit diverse talent to the coaching profession so that coaching teams resemble the communities they are serving.
- Supplemental funds for national and local grants. federal policymakers should also consider whether some grants for national organizations providing coaching across state lines and whether grants to metro areas, in addition to states, are necessary to make sure that all unemployed populations are reached.

Idea 6: Improve data infrastructure to expand access to accurate and timely information

Context: During this moment of seismic shifts in the economy and labor market, transparent access to accurate, relevant, and real-time information is more important than ever. There has been considerable progress in data transparency and measurement in recent years, but challenges persist: many state systems lack the infrastructure and capacity to identify the skills required for good jobs in growing industries or to make clear what skills are conferred by each training program. Workers cannot effectively communicate the skills they have built to help them fill these jobs. Education and training providers do not have up-to-date, real-time information needed to keep programs current and aligned with skills and job demands and policymakers lack the information and capacity to develop usable metrics to evaluate which programs are most effective.

Summary: The federal government should make investments to expand capacity in the to advance the following objectives, while all necessary taking steps to protect individual privacy:

- Understanding local labor market information in real time
- Measuring program effectiveness
- Support the creation of a worker-owned skills portfolios

Additional detail:

- **Understanding local labor market information in real time:** As the economy shifts rapidly in response to the crisis, unemployed and low-wage workers, coaches, and policymakers need to understand what good jobs are growing in each community and what skills are required to be successful in those jobs. The federal government already collects much of this information. However, skills data from the Occupational Information Network (O*NET) are not granular enough, and data on job demand are not made available to states in a timely manner to be actionable. The result is that states end up using valuable resources to purchase data and tools from a small set of real-time labor market data providers. Community colleges and other education providers that can afford it, also purchase this information because it is the only resource they have to understand the skills, knowledge, and experiences being required for certain jobs. Instead of asking states and training providers to purchase duplicative and expensive data and tools, the federal government should accelerate the rapid delivery of local labor market information to state agencies and the broader public. This could be done by either investments in staff at federal statistical agencies to produce these data more rapidly or by the federal government contracting with an outside private entity to make these data publicly available.
- **Measuring program effectiveness.** It is critical for states to understand what programs are going to put workers in the best position to succeed. This is particularly important to assess new programs and determine which should be eligible for public dollars. States like Kentucky and Indiana have the data infrastructure to understand which jobs are growing and what programs are leading to best employment outcomes for their participants. Yet this capacity varies across states. The federal government should invest to help all states build the necessary longitudinal infrastructure to securely link data systems to track outcomes, including disaggregated data along race, gender, and geographies. It should explore ways to expand the capacity for state personnel to analyze this data and use it to create effectiveness measures. Finally, it should prioritize solutions that give states a more accurate picture of program effectiveness by tracking program outcomes across state lines. In exchange, states commitment to make program level outcomes transparent to empower people to make informed decisions about what programs to pursue.
- **Support the creation of a worker-owned skills portfolios:** To help transition to new industries and more seamlessly between education and training, workers need to be recognized for the skills they have built, no matter where or how the skills were acquired. A personalized “skills portfolio” should provide a free and portable way to document, curate, and communicate skills acquired in formal education, on the job, or on their own—in a way that employers and educators can validate and understand. To make a personal skills portfolio possible, the federal government should champion public-private collaboration to accelerate the creation and use of interoperable learning records, while protecting individual privacy. The federal government would facilitate work among state, local governments, employers, and training providers to make to the necessary data systems investments and identify open standards that promote the safe and secure interoperability of different data systems across systems used to validate worker skills. This work would lay the foundation for private sector partners to development innovative tools and interfaces that make these portfolios user-friendly and accessible to workers.

Section IV. Closing the Digital Divide

Idea 7: Close the digital divide by making digital learning available to all

Context: As social distancing measures have driven work, learning, and social activities to virtual settings the digital divide has become an ever-more pressing issue to address. Low-income, communities of color, and rural communities have less access to broadband services and devices. Institutions that traditionally help bridge the digital divide, such as libraries, are not able to serve communities in the same way. As a consequence, many low-income workers are unable to access critical reemployment services and have significantly less access to online education and training.

Summary: The federal government should invest in and deploy public-private partnerships to expand the possibilities of online learning available to all. An effective proposal would include ambitious investments in universal broadband access, a commitment to supply personal devices to everyone who needs them, and a dramatic expansion in effective digital literacy training to help people build the skills necessary to learn online. An example of this is a proposal by [Third Way](#).

Section V. Frequently Asked Questions

Q: Who has been hit hardest by the current economic crisis?

- **Job loss has been much higher among those without an associate's or bachelor's degree.**
 - ◇ The May unemployment rate for workers with only a high school education was 15.3 percent, more than twice as high as the 7.4 percent unemployment rate of workers with a BA. ([U.S. Bureau of Labor Statistics 2020](#))
- **Workers without an associate's or bachelor's degree were also hardest hit in previous recessions.**
 - ◇ Approximately 4 out of every 5 jobs lost during the Great Recession were held by workers without a formal education beyond high school. ([Carnevale et al., 2012](#))
- **Losses are concentrated in sectors, such as leisure and hospitality, where many workers have little formal education beyond high school.**
 - ◇ While job losses in April were widespread, the losses are concentrated in sectors where many workers have little formal education. For example, the leisure and hospitality industry lost 7.7 million jobs in April and job postings are down 56.3 percent as compared to January. ([U.S. Bureau of Labor Statistics 2020](#); [Opportunity Insights 2020](#))
- **Low-income workers and workers of color are disproportionately impacted by the crisis.**
 - ◇ Workers of color – who are overrepresented in the lowest-paid service, domestic, and agricultural industries – are significantly likely to be unemployed as their white counterparts. The Black-white and Hispanic-white unemployment ratios were both 1.4 in May. ([U.S. Bureau of Labor Statistics 2020](#))

Q: Did demand for education and training rise during the last recession?

- ◇ Overall, enrollment in post-secondary increased 33 percent between 2006-2011. ([U.S. Census Bureau 2018](#))
- ◇ College enrollment increased by 25 percent among the unemployed between 2007 and 2009. ([Barr and Turner 2015](#))

Q: What kinds of economic shifts are we likely to see in the types of jobs that are available?

- **After the crisis ends, many businesses and jobs may not come back.**
 - ◇ Many businesses that have closed down temporarily will not be able to reopen. In the near-term aftermath of the crisis, for example, more than 100,000 restaurants are expected to permanently close. ([Barrero et al. 2020](#))
 - ◇ In response to new consumer spending patterns, some industries are shrinking. Spending on fast food, auto parts, and cars is down 35 percent and spending on apparel is down 70 percent. While a large share of these spending cuts will reverse when the crisis ends, some shift will likely persist. ([Barrero et al. 2020](#))
 - ◇ Many sectors are changing their business models to adapt to new realities and will employ fewer people overall. For example, the rise in telemedicine has the potential for large reallocation of customers, revenues, and workers across clinics and practices. ([Barrero et al. 2020](#))
- **Labor is rapidly being reallocated as some industries must scale up to respond to the crisis.**
 - ◇ As consumer needs and behaviors have changed dramatically overnight, some workers are being redeployed from industries with plummeting demand to industries with surges. For example, the supermarket chain Kroger is rapidly hiring laid-off employees from food service and hospitality industries. Many redeployment efforts, however, will require retraining. As the telecommunications company Verizon has closed 70 percent of its retail locations, thousands of its employees have had to retrain to take on at-home customer service and sales roles. ([Wall Street Journal 2020](#))
 - ◇ More than a third of workers believe they would need more education and training if they lost their job. Nearly 40 percent said they would change careers. ([Strada 2020](#))

Q: How have attitudes about education and training changed during the crisis?

- **The crisis has upended millions of learners plans for education and training.**
 - ◇ According to a recent survey, 34 percent of people have changed or cancelled their education plans. ([Strada 2020](#))

- **There is a growing demand for non-traditional and online learning options.**
 - ◇ Among workers seeking additional skills, a majority say they would prefer to pursue non-degree and skill-based program. ([Strada 2020](#))
 - ◇ Across job fields, 46 percent of workers prefer education and training be delivered online. ([Strada 2020](#))

Q: Can unemployed and low-wage workers afford education and training services to upskill or reskill?

- **The federal workforce system is not structured to make education and training broadly accessible.**
 - ◇ Funding for the Workforce Innovation and Opportunity Act is limited, and the majority of federal workforce dollars are spent at the discretion of local boards, who must divide very limited resources among between job search, counseling, and training activities. In most regions, the majority of funding goes to support staff-assisted services for jobseekers and overhead costs—leaving an average of 22 percent to help individuals pay for education and training. ([U.S. Department of Labor 2015](#))
 - ◇ This dramatically limits the number of people who receive funding support for training. In the last recession, for example, fewer than 2 million participated in WIA services and under 270,000 received training dollars in Program Year 2009. Yet, during this same period, an average of 15 million people were unemployed. ([U.S. Department of Labor 2015](#))
 - ◇ From 2008 to 2012, an average of 12 percent of job seekers who participated in WIA services received training. ([Barnow and Smith 2015](#))
 - ◇ For those who do receive funds, the amount they can use varies widely, including some as low as \$2,000. This is not enough for the lowest-income individuals to take many of the programs that can lead to a good paying job.
- **Federal Pell Grants do not meet the needs of many impacted workers.**
 - ◇ Pell funding is mostly available for the lowest income adults only—73 percent of Pell Grant recipients come from households with annual incomes of \$30,000 or less. ([Carnevale and Van Der Werf 2017](#))
 - ◇ The average Pell grant is \$4,271, which is not enough to pay for many high-return programs. ([National Center for Education Statistics 2018](#))

Q: Do all education and training programs improve employment outcomes or are some more effective than others?

- **It is essential for workers to have support selecting the right program as there is wide variation in outcomes among education and training programs, even within degree types.**
 - ◇ The average wage premium for a bachelor's sits at over \$30,000 a year, but the bottom 25 percent of BA degree-holders do not earn any more than the typical high school graduate. Similarly, data from 4,500 colleges showed that certain certificate programs, such as practical nursing, provide a greater return on investment over 10 years than many bachelor's degrees.
 - ◇ Associate's degree programs have average quarterly earnings returns of nearly \$2,400 for women and \$1,500 for men, though there is wide variation across fields of study. Associate's degrees in health, the highest earnings field at this education level, has quarterly earnings increases of \$4,400 for women and \$3,700 for men. ([Jepsen et al. 2012](#))
- **There are several workforce programs with rigorous research demonstrating earnings gains of more than 20 percent.**
 - ◇ Sectoral training programs have been found to increase earnings by 30 percent or more. These include Per Scholas, Jewish Vocational Services—Boston, and the Wisconsin Regional Training Partnership ([Maguire et al. 2010](#)) and Project Quest, which found sustained earnings impact of \$5200 nine years out from the program. ([Roder and Elliott 2019](#))
 - ◇ Year Up, a sectoral training program focused on young people, increased average quarterly earnings by \$1,895 (\$7,580 annual increase) compared to counterparts who did not participate in the program. ([Fein and Hamadyk 2018](#))

- **Coaching support can help people make informed decisions in selecting appropriate education and training programs.**
 - ◇ Without guidance, prospective learners are more likely to select the first training option they investigate rather than comparing multiple options, whereas providing information on institutional performance has been shown to improve decision-making about which programs to attend (Avery 2003; Bettinger and Evans 2019; Rosenbaum and Person 2006). This is true for high school students trying to choose colleges and unemployed and low-wage workers choosing training for a new career.
- **Workforce programs that include coaching improve employment outcomes for impacted workers.**
 - ◇ Workers who lose their job due to trade are more likely to benefit from retraining when they consult with a counselor before choosing which programs to pursue. ([Perez-Johnson et al. 2011](#))
 - ◇ Workforce programs that include a strong coaching element help participants return to work faster, get higher wages, and advance in their jobs more quickly. ([MDRC 2016](#))

Q: Where can workers find education and training programs?

- **State workforce agencies can direct workers to education and training programs eligible for public dollars. However, not all programs are effective in improving employment outcomes.**
 - ◇ While most states collect data on program outcomes, the majority do not have the internal capacity to track and measure program effectiveness.
 - ◇ Some states, however, have been able to track outcomes for specific programs. These are great models for other states:
 - [TPOT/My Colorado Journey](#)
 - [Washington State Career Bridge](#)
 - [Google Pathways](#) available in Indiana, Texas, Virginia, and Washington
- **There are many online programs that unemployed and low-wage workers can take to build in-demand skills.**
 - ◇ StraighterLine offers general-education courses that can transfer to a four-year college and university.
 - ◇ Grow with Google offers certificates in IT, G Suite, and other programs.
 - ◇ Western Governors University offers undergraduate and graduate programs in business, teaching, IT, and health and nursing.
 - ◇ Many community colleges and public universities are also creating online programming now and students could access training from their local institutions.