



NEW SKILLS FOR A NEW ECONOMY

ENSURING GREATER UPWARD MOBILITY FOR ALL WORKING AMERICANS

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In the 21st century, education has become America's most significant marker of class privilege. People with bachelor's and advanced degrees have mostly prospered, while wages for those with less education have fallen. This divergence in economic fortunes lies at the heart of our country's present economic and political discontents.

In days past, Americans could get good jobs that paid a family-sustaining wage with just a high school diploma. In today's increasingly intangible and data-driven economy, most jobs require at least some postsecondary education and training, due to automation and technological advancements — demanding different knowledge and skills. If we don't act now to prepare our current and future workers for these opportunities, more Americans will experience downward mobility and fall further behind.

Some Washington policymakers think we can solve this with "college for all." It's true that, on average, a bachelor's degree confers higher lifetime earnings on those who have them. But most Americans don't earn degrees, and a bachelor's or advanced degree shouldn't be the only paths to

good, middle-class jobs. Today, 62% of American adults have no bachelor's degree, and that number rises to 72% for Black adults and 79% for Hispanic adults. Additionally, 39 million Americans have some college but no degree. Many spend time and resources with little to show for it except onerous student debt.

Despite these realities, federal and state policies remain strongly biased in favor of subsidies to Americans who go to college, specifically those that acquire a 4-year degree. In 2018, the federal government spent roughly \$149 billion on higher education versus \$58 billion for workforce-related education and training. Since the latter figure also includes Pell Grants and veterans' programs, Washington really only spent about \$16 billion, spread across 17 separate federal programs that provide workforce-focused education, employment, and training assistance.

The nation's chronic underinvestment in work-related learning, experiences, and supports isn't just unjust, it's bad economics. It squanders our most precious resource — our workers — and subtracts from U.S. productivity growth and competitiveness.

American workers deserve better than a binary choice between an overpriced college degree program and a patchwork of public and private job training programs of uneven quality. Instead, U.S. leaders should equalize opportunity for workers, regardless of what path they choose. This means building a world-class postsecondary system that is inclusive of all options, not just college, to ensure greater upward mobility for American workers.

New Skills for a New Economy Project

Our country's postsecondary policies have not kept pace with economic change. To equip current and future workers with the new skills they need to get ahead in a new economy, PPI proposes seven critical policy priorities:

1. Stop discriminating against workers without college degrees. Our country can't commit to non-degree workers without increasing investment for postsecondary options outside of a four-year degree. These efforts will help the U.S. match other international workforce efforts, maintain our economic competitiveness and support working Americans, employers, and communities alike.

2. Modernize the way we invest in education and training. Increased resources must be spent on new and modern skill development strategies. Today's jobseekers and workers are increasingly looking for options that are more flexible, affordable, and tied to work. Yet federal policy has done little to respond, continuing to invest in traditional higher education programs that are based on credit and seat-time requirements.

Resources should support options that meet individual's where they are and are industry responsive – including shorter term credential programs and competency-based approaches. These options should also be more affordable and ensure strong returns on investment, leveraging pay for performance and other innovative financing models to ensure small upfront cost for the individual and a job guarantee.

3. Harness markets to support growth and innovation in America's workforce: None of this work can be done effectively without employers. Policy must support public/private partnerships, sector strategies as well as intermediaries – including private intermediaries that have emerged in the marketplace to offer training services and job placement. Federal and state policy must also look to employers for ideas and best practice. This has been seen in recent months through different industry initiatives around skills-based hiring as well as employer's investment in the skill needs of their employees.

4. Scale-up apprenticeships ten-fold: Apprenticeship is a popular and effective way to meet skill demands of the 21st century. Yet, even with its popularity the U.S. has not been able to match the scale of apprenticeship in nations like Australia and the U.K. It's clear that our nation needs a new way of bringing apprenticeship to scale. To do this effectively, the U.S. apprenticeship system should model that of higher education where federal funding doesn't merely pick winners through the lottery of grant programs, but that funds apprenticeship through reliable, predictable formula funding.

Additionally, to ensure stronger outcomes, these dollars would be tied to performance and go to all types of intermediaries, from nonprofits to for-profit apprenticeship service providers, based on how many apprentices they place at companies.

5. Expose all U.S. students to the world of work in high school. Right now, career-related instruction and experience happens too late and too infrequently. Policy must transform K-12 education to not only focus on college prep, but ensure career preparedness is a cornerstone of curriculum and educational outcomes so young people have access to all options after graduation. This includes high-quality career and technical education and training, employer-led work-based learning opportunities (including youth apprenticeship), relevant credential attainment and career counseling, and support to help young people make informed choices about their postsecondary path.

6. Develop more robust and unified career navigation services: Even with the necessary skills, the career-planning process can be daunting for young people as well as adults. We need career navigation services, including in person counseling and online tools, that start early and follow an individual throughout their lifetime. This is critical to help Americans more effectively navigate the labor market, choose options that fit their skill sets and interests, and connect them to social capital that can benefit them throughout their career.

7. Support jobseekers and workers that were disproportionately affected by the pandemic. Over the past two and a half years, our workforce has faced unprecedented disruption.

This included caregivers, older workers, justice-involved individuals, and young people who were disconnected from both school and work, among others. To ensure our nation's untapped talent reenters the workforce, federal policy must better support skill strategies, reemployment efforts and supportive services to encourage career placement and advancement for these populations. This work will build on priorities listed above and offer reforms to support service delivery, specifically eligibility – identifying solutions to make processes more efficient so individuals don't have to struggle to receive the services they are eligible for (i.e., child care, transportation, food assistance, etc.).

New Skills for a New Economy's priorities point toward the same goal: equipping current and future workers with the skills they need to get better jobs and navigate multiple pathways to career advancement in today's post-industrial, knowledge-driven economy.

PPI believes America needs to stop over-emphasizing degree programs and build a more inclusive postsecondary system that offers high quality workforce related training, apprenticeship, and other alternatives to traditional four-year college. This requires new public investment, modernization, and leadership, but also requires a strong partnership with the private sector, which is essential to ensuring interventions are attuned to the changing realities of the workplace and labor markets.

Working Americans want the tools to economically advance and better support their families. Progressives should make sure they get them.