MEMO TO PRESIDENT-ELECT BIDEN AND CONGRESS

New Jobs with A Future: Six Ideas for Harnessing Technology to Create Good Work For Americans

MICHAEL MANDEL
CHIEF ECONOMIC STRATEGIST

PROGRESSIVE POLICY INSTITUTE

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The Covid Recession has accentuated labor market inequality, with some professions and occupations doing as well or better than before the pandemic hit. Employment in business and financial jobs, for example, is up 7 percent in the third quarter of 2020 compared to a year ago. Transportation and material moving jobs are up as well, aided by gains in ecommerce. Meanwhile personal care and service jobs are down 42 percent, and food preparation and service jobs are down 25 percent.

Repairing the employment damage done by the pandemic will require a fiscal stimulus package from the federal government. The money will be needed to restart the consumer spending engine, which in turn will revive demand for workers.

But it won't be enough to simply boost federal spending and hope that job growth lifts everyone. We also have to make sure that we are creating new jobs with a future—jobs that are lifted by the winds of technological change rather than dashed by them.

Many Americans felt dissatisfied with their job prospects, even during the low unemployment rates of the pre-pandemic days. Real wages were hardly rising, and the old career ladders of the past seemed to have disappeared for many types of jobs.

TABLE 1: COVID RECESSION BRINGS INEQUALITY OF PAIN

	3Q2019-3Q2020 PERCENTAGE CHANGE IN EMPLOYMENT
Healthcare support	20%
Life, physical, and social science	8%
Business and financial operations	7%
Transportation and material moving	2%
Community and social services	1%
Healthcare practitioners and technical	0%
Computer and mathematical	-1%
Management	-3%
Architecture and engineering	-3%
Legal	-5%
Education, training, and library	-6%
Protective service	-6%
Construction and extraction	-6%
Installation, maintenance, and repair	-8%
Sales and related	-10%
Arts, design, entertainment, sports, and media	-12%
Office and administrative support	-12%
Production	-13%
Building and grounds cleaning and maintenance	-15%
Farming, fishing, and forestry	-16%
Food preparation and serving related	-25%
Personal care and service	-42%

Data: Bureau of Labor Statistics

In this paper we outline six ideas for harnessing technology to create good jobs with a future—not just for college graduates, but for everyone. These are all proposals that could garner support from both Democrats and Republicans. The terrible tragedy of the pandemic is also an opportunity to reset the labor market, and envision a world where individual workers can build on their growing experience, knowledge, and skills make them more productive and earn them higher pay.

TABLE 2: SIX IDEAS FOR CREATING JOBS WITH A FUTURE

IDEA	KEY POLICY	OBJECTIVE
1 **Accelerate creation of 5G-related jobs**	Implement policies prioritizing allocation of new spectrum and deployment of small cells	Generate 300,000 new 5G-related jobs annually for both high-skill and mid-skill workers
2 **Rebuild the "Production Economy"**	Focus on policies that support adoption of digital technologies by small and medium manufacturers	Add tech-enabled manufacturing jobs by boosting competitiveness of domestic factories
3 **Reduce inequality by building ecommerce and manufacturing hubs**	Help Americans who lose jobs in brick-and-mortar retail find better-paying work in ecommerce and distributed manufacturing	Transition away from dead-end jobs in retail while shortening supply chains and reducing unnecessary shipping
4 **Improve conditions for independent workers**	Change tax rules and use improved technology to get independent workers better access to portable benefits	Put independent workers on a level playing field with employees in terms of benefits
5 **Subsidize work for the disadvantaged**	Extend and augment Work Opportunity Tax Credit (WOTC)	Accelerate hiring of workers unemployed because of pandemic
6 **Build career ladders for low-income workers**	Federal funds for post-Covid apprenticeship and training programs should encourage the use of digital micro-credentialling systems, independent of formal degrees.	Reward experience and skill-building in low-income workers

IDEA #1: FOSTERING 5G-RELATED JOBS

Policy: Accelerate the creation of 5G-related jobs by implementing policies prioritizing allocation of new spectrum and deployment of small cells.

Objective: Generate 300,000 new 5G-related jobs annually for both high-skill and mid-skill workers, while boosting productivity growth in physical industries.

A recent paper from the Progressive Policy Institute and the National Spectrum Consortium demonstrated that every major advance in mobile communications has brought a new wave of job creation. For example, the smartphone revolution, later super-charged by 4G cellular technology, helped create over 2 million App Economy jobs in the United States alone.

That paper projects that the nationwide application of 5G—what we called the "Third Wave"—will create an average of 300,000 jobs per year over the next 15 years, or 4.6 million jobs in total. These will include such jobs as telehealth installers, construction drone operators, agriculture sensor technicians, autonomous vehicle maintenance, and military tactical communications specialist.

We anticipate that the 5G revolution may be an important force propelling the U.S. labor market out of the Covid recession. Remember that the recovery from the 2008-2009 recession was spurred in part by the introduction of the iPhone in July 2007, which in turn led to the App Store in 2008 and an explosion of App developers in the United States and around the world. The adoption of 4G LTE by mobile providers such as AT&T and Verizon helped accelerate the communications-driven rebound.

The same thing can happen this time, as a wide range of industries apply 5G technologies to become more productive and reach new markets. Our research focused on eight key use cases: agriculture, construction, utilities, manufacturing, transportation and warehousing, education, healthcare, and government. In all of these, 5G can be leveraged to create new jobs to replace the ones that were destroyed by the pandemic.

To encourage this 5G-related job growth, we should support allocation of new spectrum for 5G while speeding deployment of small cells. First, the Federal Communications Commission (FCC) has laid out a good road map for increasing availability and usefulness of high-band, mid-band, low-band, and unlicensed spectrum. Telecom policy should balance raising money via spectrum auctions while not making spectrum too expensive.

Second, high-bandwidth applications of 5G require the deployment of many "small cells" to get the full benefit of the new technology. Each "small cell" is basically a box containing antennae and electronics, attached to a building or a utility pole, and connected to a larger network via fiber or some other means.

These small cells are subject to state and local approval procedures that can slow down deployment and make it much harder to extend the reach of 5G. The FCC has promulgated rules that emphasize the importance of 5G infrastructure, including establishing deadlines or "shot clocks" for state and local approval. These rules, which were mostly upheld by an August 2020 court decision, should be retained and expanded.

For more on 5G-related jobs, read Michael Mandel and Elliott Long, "The Third Wave: How 5G Will Drive Job Growth Over the Next Fifteen Years," Progressive Policy Institute and National Spectrum Consortium, September 2020.

IDEA #2: REBUILDING THE PRODUCTION ECONOMY

Policy: President-elect Biden has laid out a plan to boost manufacturing. But whether or not that plan gets support in Congress, the federal government should adopt policies to support the adoption of digital manufacturing technology by small and medium domestic manufacturers.

> **Objective:** To boost the competitiveness and flexibility of domestic manufacturing and create new factory jobs across the United States.
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> For years, economists advised us not to worry about the decline in manufacturing jobs. What mattered, it was said, was rising manufacturing output and productivity.
>
> Yet it turns out that the loss of jobs was an indication of a deeper malaise in domestic manufacturing. The business cycle that started with the 2007 peak and ended with the 2019 pre-pandemic peak was perhaps the worst business cycle for manufacturing in recent history.
>
> Over this stretch, manufacturing productivity gains were dismal. Twelve out of nineteen major manufacturing industries had lower output in 2019 compared to 2007. The non-oil goods trade deficit grew by 60% to record levels, showing the gap between what we produce and what we need.
>
> To avoid a repeat of this disaster, and to create new manufacturing jobs for the 21st century, we have to adopt a portfolio of strategies for rebuilding America's production economy. Joe Biden has a plan for boosting U.S. manufacturing. Key elements that we support include his proposals for bringing back critical supply chains to America, boosting worker training, increasing R&D investment, building up the Manufacturing Extension Partnership, and providing capital for small and medium manufacturers.
>
> But we would go further. First, we would advocate setting up a National Resilience Council which would be tasked with identifying those industries and capabilities that are strategic, in the sense of improving the ability of the economy to deal with shocks like pandemics, wars, and climate changes. These areas are likely to be underinvested by private sector companies, who quite naturally don't have an incentive to tackle these sorts of large-scale risks. For example, no single company has an incentive to invest in improving N95 mask technology so that it is easier to scale up production, but the U.S. government does. Or to harken back to an important historic example, the Defense Department's original motivation for funding the research that led to packet switching and the Internet was to create a decentralized network that would be more survivable in case of nuclear attack.
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> The National Resilience Council should sponsor a Manufacturing Regulatory Improvement Commission, along the lines that PPI has suggested in the past. We have no desire to roll back essential environmental and occupational health regulations. But we do want to consider whether rules governing manufacturing have become so restrictive as to unnecessarily force out jobs.
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> Second, we need to put more emphasis on digital manufacturing, where the United States seems to be falling behind. The government can shore up the nation's supplier base by providing $200 million in low-cost loans and grants to help small and medium manufacturers

test and adopt new production technologies, including digital advances such as robotics and additive manufacturing. Even in a low-interest rate environment, capital is relatively scarce for companies that are too small to tap the bond market.

A somewhat similar initiative to provide loan guarantees for investment in innovative manufacturing technologies, authorized under the America COMPETES Act and supervised by the Commerce Department, never got off the ground because of excessively restrictive terms. Under our proposal, the loans and grants to small and medium companies would be tied to improving the resilience of the domestic manufacturing base.

Third, the federal government should take the lead to create a common "language" so that product designers, manufacturers, and suppliers can more easily work together online, just like DARPA helped create the basic structure of the Internet in the late 1960s. In the same way that a young person can write an app, put it online, and find users around the world, it should be possible to create a design for a new product and easily find potential local manufacturers.

Note that this effort is linked to the first idea in this package, the support for 5G-related jobs. The key here is connectivity. Twenty-five years ago the rise of the Internet connected computers and made all sorts of new businesses possible, creating millions of jobs. Now it's time to make even the smallest factory in Ohio or Michigan part of a larger manufacturing network that can compete on a level playing field with larger foreign competitors.

Some manufacturing networks or "platforms," with names like Xometry and Fictiv, are already starting to sprout. Such platforms can make it easier for buyers to find domestic suppliers who have the necessary capabilities, and then to shift producers quickly when shocks hit or when it becomes necessary to lower carbon emissions. Such platforms can also give manufacturing startups access to immediate markets, make it easier for entrepreneurs to create well-paying factory jobs.

But this transformation of manufacturing is not happening fast enough to help American workers. A resilient manufacturing recovery requires the fostering of flexible, local, distributed manufacturing—relatively small efficient factories that are spread around the country, using new technology, knitted together by manufacturing platforms that digitally route orders to the nearest or best supplier. The government has an important role to play leading the way to the Internet of Goods.

For more on rebuilding digital manufacturing jobs, read Michael Mandel, Spur Digital Manufacturing in America, Progressive Policy Institute, August 2020 and Michael Mandel, "The Rise of the Internet of Goods," Progressive Policy Institute and MAPI Foundation, August 2018.

IDEA # 3: REDUCE INEQUALITY BY BUILDING ECOMMERCE-MANUFACTURING HUBS

Policy: Help Americans who lose their jobs in brick-and-mortar retail find better-paying work in ecommerce and distributed manufacturing.

Objective: Transition away from dead-end jobs in retail while reducing unnecessary shipping.

During the pre-pandemic economic boom, ecommerce was a potent source of well-paying jobs for low-income workers. From February 2018 to February 2020, the ecommerce sector—comprised of electronic shopping, warehousing (fulfillment) and couriers and messengers (delivery)— added 200,000 full-time-equivalent (FTE) positions for production and non-supervisory workers. By comparison, brick-and-mortar retail lost 2,000 FTE positions for production and non-supervisory workers (which for brevity we'll call "production-level" workers).

The same pattern has held up in the pandemic as well. Brick-and-mortar retail lost 285,000 FTE production-level jobs from September 2019 to September 2020. Ecommerce added 261,000 FTE jobs, almost completely compensating for the brick-and-mortar losses.

Average pay is considerably higher in the ecommerce sector compared to brick-and-mortar retail. In February 2020, hourly pay for production-level workers in the ecommerce sector averaged 12 percent higher than in brick-and mortar retail. Weekly pay averaged 40 percent higher in ecommerce, because most brick-and-mortar retail employees don't work full weeks.

Indeed, key ecommerce fulfillment occupations such as "laborers and material movers" and "hand packers and packagers" get substantially higher pay in the warehousing (fulfillment) industry than they do either in retail or manufacturing. As Table 3 shows, laborers and material movers—which make up about half the workforce of the warehousing industry—get paid $16.19 an hour, not including annual bonuses, in warehousing. That's 23% than comparable workers in retail and 11% more than comparable workers in the private sector overall. And warehousing even pays laborers and material movers roughly the same as comparable workers in manufacturing, long held up as the gold standard for pay for blue-collar workers.

But more is needed. As part of the effort to rebuild the production economy (idea #2), federal policy should support distributed manufacturing establishments co-locating with ecommerce fulfillment centers in order to create new hubs for goods production and distribution. This will create more competition for workers in these areas, and boost wages. The goal is to create a new manufacturing ecosystem, built around distribution centers.

Equally important, co-locating manufacturing with ecommerce fulfilllment will reduce shipping costs, which is pro-competitiveness, pro-consumer, and pro-environment. The cost of distribution makes up roughly half the retail price of many consumer items. Locating manufacturing near distribution facilities will lower shipping costs, reduce turnaround time, and put fewer trucks on the road.

To read more about ecommerce jobs and wages, see Michael Mandel, "How Ecommerce Creates Jobs and Reduces Income Inequality," Progressive Policy Institute, September 2017

TABLE 3: AVERAGE HOURLY PAY IN KEY ECOMMERCE OCCUPATIONS COMPARED TO RETAIL AND MANUFACTURING, 2019

	WAREHOUSING (INCLUDING ECOMMERCE FULFILLMENT)	RETAIL	MANUFACTURING	PRIVATE SECTOR
Transportation and material moving occupations	17.96	13.76	17.58	18.01
Laborers and material movers	16.19	13.21	15.78	14.64
Hand packers and packagers	15.01	12.32	13.94	13.30

Data: Bureau of Labor Statistics

IDEA #4: SUPPORTING INDEPENDENT WORKERS

Policy: Change tax rules and use improved technology to get independent or "gig" workers better access to benefits.

Objective: Improve outcomes for independent workers and put them on a level playing field with employees in terms of retirement, health, and other benefits.

Coming out of the Covid Recession, businesses are going to be cautious about hiring permanent workers. Instead, they will prefer to take on independent workers at the beginning because of the flexibility.

In order to accelerate the recovery, we want to make it easier for companies and platforms to give opportunities to independent workers. But we also want to rebuild the tax and labor laws to give independent workers equal access to benefits, which are so important for retirement, health, and other aspects of economic life.

In a 2020 paper, we pointed out that the tax code is biased against benefits for independent workers. Most independent workers have to pay FICA taxes on the money they contribute to their tax-deferred Individual Retirement Accounts (IRA), Simplified Employee Pensions (SEP) or solo 401k accounts. By comparison, the contribution of employers to employee retirement accounts is exempt from both employer and employee FICA taxes. The same is true for contributions to healthcare and other benefits as well.

This additional tax burden on independent workers can be worth thousands of dollars. In addition, it is very difficult by law for companies to provide benefits to independent workers without being forced to reclassify them as employees. These two regulatory issues alone explain why independent workers have trouble getting the benefits that they need.

We propose putting independent workers on a level playing field with employees in terms of benefits. That means changing the tax rules so that independent workers, like employers,

no longer have to pay FICA taxes on qualifying contributions to retirement and healthcare benefits. (Note that the loss of tax revenue is the same, in principle, as would be incurred by forcing companies to hire independent contractors as employees).

The other key is to require a baseline level of benefits and protections for independent workers, including a cafeteria-style plan. Because of technological improvements, it is feasible for these benefit plans to be administered by third party providers, so that they would be portable.

We also suggest a uniform national standard for determining who is an independent worker. For example, one possibility is that companies would have minimal control over hours of work, and no non-compete agreements.

Here's how it would work. Companies would pay a certain share of the worker's earnings into a dedicated account for pre-tax benefits. There would be no required match from the beneficiary. The independent contractor would accrue benefits in proportion to the amount of money he or she earned on the platform. A separate and important question is whether the new regulatory regime would be opt-in or mandatory. We lean towards opt-in given the wide variety of independent contractor arrangements that exist (e.g., doctors, realtors, etc.). If companies do not opt in, they would remain subject to existing legal tests for determining worker classification.

If a company opts-in to this alternative classification — which we call "gig workers with benefits" — then once a worker reached a certain number of hours contracting with them, that worker would be entitled to a required set of tax-advantaged benefits — for example, portable benefits including paid leave, retirement savings accounts and contributions towards an individual's health insurance premiums. All workers also should be covered by occupational accident insurance for on-the-job injuries.

On the other hand, companies that opt-in to this new regulatory framework would be required to give workers the freedom to choose their hours as well as work for other companies in the same industry. In effect, this would give employers minimal control over hours or non-compete agreements.

Companies would be required to choose, on a year by year basis, whether they apply this new category of worker to their independent contractors. Companies are incentivized to opt-in because the benefits independent workers receive under this model are tax-advantaged. On the margin, independent workers will choose to work with companies that offer these benefits because they are worth more than pure cash compensation (which is subject to payroll and income taxes).

This choice would allow companies to offer benefits to independent contractors without worrying that they would be reclassified as employees at either the state or federal level, while preserving the flexibility and independence that are synonymous with independent contractor status. And independent contractors would be on equal footing with the tax-advantaged employees.

To read more about improving benefits for independent workers, see Michael Mandel and Alec Stapp, "Regulatory Improvement for Independent Workers: A New Vision," Progressive Policy Institute, July 2020.

IDEA #5: SUBSIDIZING WORK AND CAREERS FOR THE DISADVANTAGED

Proposal: Use tax policy to get disadvantaged workers into jobs faster.
Objective: Get unemployed workers back into the labor market as soon as possible where they can start getting training for the future.

Even when the pandemic starts to ebb and the economy begins to rebound in earnest, employers will still be reluctant to risk hiring. One big issue is how to encourage them to take a chance on adding new workers, especially ones in disadvantaged categories that have been hit especially hard by the Covid Recession.

Rather than start a new program, however, we can turn to an existing one that can be fine-tuned a bit for the current crisis. The Work Opportunity Tax Credit (WOTC)--originally passed in 1996 and reauthorized several times on a temporary basis since then--gives a tax credit to employers who want to hire workers out of 10 disadvantaged groups, including qualified veterans, qualified recipients of SNAP (supplemental nutrition assistance program), qualified long-term unemployment recipients, and qualified residents of empowerment zones, among others. In fiscal year 2019, about 2 million workers were certified eligible for the WOTC by state employment agencies. Under current law, the typical maximum tax credit is $2,400 for most of the qualified groups.

The tax credit is due to expire at the end of 2020. In 2019, legislation to make WOTC permanent was introduced in both the House and Senate with bipartisan support, including Senator Sherrod Brown (D-OH).

The key question: Is extending the WOTC a good way to accelerate post-Covid hiring, and do any changes need to be made? In a 2019 report, the nonpartisan Tax Foundation reviewed the available research, and summarized the pros and cons of the WOTC:

> **The WOTC appears to have had at least a modest, but noticeable, positive impact on the short-term employment outcomes of disadvantaged groups. Moreover, the WOTC has accomplished this at a cost in line with other job tax credits and significantly lower than that of direct job programs. However, there is currently no evidence that the WOTC positively affects long-term employment outcomes for these groups. The WOTC also seems to suffer from large inframarginal effects, subsidizing firms for hiring workers that they would have already hired.**

Another plus for the WOTC: Because it is targeted to the disadvantaged and unemployed, it gives more bang for the buck than a payroll tax cut, which covers many workers who are already employed. On the minus side, the WOTC in its current form has proven to be difficult to administer by overworked state agencies. In addition to the 2 million certified claims in FY 2019, there were another 2 million claims that were listed as still pending.

One way to simplify the WOTC is to temporarily broaden it to all workers who are currently receiving jobless benefits, in addition to the long-term unemployed who were already covered. This has the advantage of being far easier for state agencies to administrate, since presumably they know who they are sending money to and who they aren't. That means small businesses will be more likely to take advantage of the tax credit than they are now.

At the margin, this broader credit is likely to be a potent supercharger for hiring workers who lost their jobs because of the Covid Recession. Employers will greatly accelerate their hiring plans in order to take advantage of the credit. In addition, by raising demand for workers, the benefits will spill over into higher wages.

Obviously the cost of such a program will rise in proportion to its success. The more people are pulled off the jobless benefit rolls into jobs, the more expensive the tax credit will be. But because the tax credit is per person, the people who are most likely to be helped are the ones on the margin who will have their entry into the labor force greatly accelerated.

How does WOTC compared to other approaches to accelerating job creation, such as payroll tax cuts, wage subsidies, and broad macro spending? The payroll tax cut is easier and faster to implement, because it doesn't require certification. On the other hand, it strikes directly at the funding of Social Security and Medicare, which makes it more worrisome for progressives.

Broad macro spending—say, on infrastructure—has the advantage of adding long-term capital improvements to the economy, and for that reason is an important part of any recovery plan from the Covid recession. However, an infrastructure program is much more expensive per job created than WOTC is.

IDEA #6: BUILDING CAREER LADDERS FOR LOW-INCOME WORKERS

Policy: Federal funding of post-Covid apprenticeship and training programs should encourage the use of digital credential systems.
Objective: Widespread use of interoperable digital credential systems, independent of formal degrees, can create sustainable career ladders that rewards the skills and experience of low-income workers.

Credentials like education or formal certificates are important, especially in a time of economic volatility. Observable credentials that are not tied to a single employer can help the earnings of workers rise as they get more experience, whether they stay at the same business or are forced to switch employers. Observable credentials also mean that worker incomes don't fall all the way to entry-level pay when they lose their jobs.

It goes without saying that high-income workers have access to credentials through the formal educational system. But more is needed for the rest of the population. As PPI has noted in a 2020 report, greatly expanding the number of formal apprenticeship programs and boosting funding for career education is essential for improving outcomes for low-skilled and medium -skilled workers. U.S. lawmakers should create strong incentives for intermediaries (private or public) to organize apprenticeship training and placement and market them to employers. There are thousands of private firms and non-profits that are well positioned to supply purpose-trained talent to their clients. Many

are already providing services to dozens or hundreds of clients in sectors facing talent shortages, notably technology or healthcare. The intermediaries incur the training expense and get paid only when they succeed in placing their apprentices in full-time jobs. In so doing, they can create frictionless pathways to good first jobs.

Washington spends hundreds of billions each year on supporting college education. As a simple matter of equity, Washington should invest a roughly equal amount to expand access to high-quality career education and training for young workers who need post-secondary credentials

But it's important to note that apprenticeship and career education programs don't cover many Americans who have been traumatized by the Covid Recession. Workers in retail, restaurants, hotels, and other hospitality industries have no formal credential structure to provide a floor when things get tough. Their former employer knows their value, but that employer may not be re-opening its doors even after the Covid Recession is over.

This lack of observable and verifiable credentials for low-income workers is a long-term problem. Low-income workers tend to have very short tenures at individual employers. According to pre-pandemic data from the Bureau of Labor Statistics, the five lowest paid occupations have a median tenure with the same employer of only 3.1 years. Lower-paid occupations have much more churn, and fewer opportunities to get formal credentials that demonstrate tangible skills and capabilities that can be carried over from job to job, especially since employers are in fluctuation as well.

At the same time, employers are also hurt by the lack of credentials for low-income workers. Small businesses, especially, want to hire workers with good "soft skills"—punctuality, hard work, ability to take initiative, get along with others. It would be easier to hire and pay such workers if there was a way of tracking their competencies and skills across employers. At the same time, workers will be more willing to invest in developing such competencies if future employers could see them.

This is an especially important issue coming out of the Covid Recession. If accumulated skills and experience doesn't get tracked for the millions of people with a high school education or less who lost their jobs, then they will have a hard time regaining their place in the workforce. They go back to the bottom of the queue. Without career ladders, the less skilled are exposed in the case of major turmoil in the economy.

Powered by advances in technology, there have been great efforts in recent years to develop such flexible credentialling systems. For example, the U.S Chamber of Commerce Foundation helped set up an innovation network with more than 400 organizations, with the goal of enabling job seekers "to display the breadth of their experience in a single, comprehensive learning record." Companies like Badgr and Credly are building online systems for tracking worker achievements.

Such "micro-credentialling" systems show what economists call positive externalities: They are more valuable for worker and employers the more widely they are used.

Building on these themes, and going further, Millbrae, CA-Based Merit International has developed an interoperable verified credentialing platform for issuing, verifying, and tracking credentials. Merit currently works with over 1,000 public and private sector organizations, including state government agencies, to standardize and centralize digital records for professional licenses and qualifications. This platform is intended to connect disparate data sources, bridging the gap between agencies that are stuck with legacy technologies.

In addition, Merit's platform hosts digital credentials known as "merits." Merits can be defined by the issuing organization, but can correspond to anything from workforce skills licensing, and apprenticeships, to recognition of soft skills such as punctuality and initiative. Because these soft skills now can be verified by future employers, they raise future wages and the speed of being rehired. Access to trainings and apprenticeships can also help connect workers with new careers. These merits then become the building blocks of a career path that leads to higher wages and better jobs, even in the middle of labor market turmoil.

A platform like Merit's can also increase the value of both formal training programs and on-the-job training by creating a record of accomplishments that can be accessed by future employers. Moreover, these employers can see which types of training have a bigger payoff in terms of workplace productivity.

It should be clear that the economics of micro-credentialling depends on relatively cheap data processing, and a system that protects both privacy and security. The other issue, of course, is getting a critical mass of employers and governments to adopt an interoperable and verifiable standard.

That's where the Covid Recession comes in. As the U.S. emerges from the pandemic, federal and state governments are likely to be funding large-scale training and reemployment efforts across the country. This is a unique opportunity to accelerate the adoption of micro-credentialling at relatively low cost by tying it to training funds. Institutions and companies that provide training should also be required to connect with a micro-credentialling system, preferably one that offers broad-based verification capabilities.

The goal would be to jumpstart a system of tracking competencies and skills that helps everyone, not just the workers at the top and the largest companies. New technologies enable us to create jobs with a future, and micro-credentials are part of that.

To read more about apprenticeships, see Will Marshall, "Get Everyone Back To Work – And Make Work Pay," Progressive Policy Institute, August, 2020

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PROGRESSIVE POLICY INSTITUTE
1200 New Hampshire Ave NW,
Suite 575
Washington, DC 20036

Tel 202.525.3926
Fax 202.525.3941

info@ppionline.org
progressivepolicy.org