



Federal Policy Unlocks for a Skills- First Economy

AT A GLANCE

In this paper, JFF offers a comprehensive set of federal policy recommendations that are highly actionable, practical, and bipartisan—focusing on solutions that can be implemented to build a more inclusive dynamic and human-centered economy.

AUTHORS

Taylor Maag
Director, Workforce Policy, JFF

Susannah Rodrigue
Senior Manager,
Policy & Advocacy JFF

Contents

Introduction: Skills and Labor-Market Signals	4
Policy Unlocks: New Signals for Skill Attainment and Credential Quality	6
Enable Lifelong Learning Through Multiple Pathways	7
Establish Trust in Postsecondary Credential Quality	11
Advance Private-Sector Movement Toward Skills-Based Hiring	16
Conclusion	20
Endnotes.....	21

Acknowledgments

The authors would like to thank the following persons, whose insights and expertise helped inform this paper: Marcia Ballinger, president, Lorain County Community College; Patti Constantakis, director for opportunity, Walmart Foundation; Tracey Everett, director, JFF; Ethan Karp, president and CEO, Manufacturing Advocacy and Growth Network; Rosemary Lahasky, senior director for government affairs, Cengage Group; Kerri Lemoie, director, Digital Credentials Consortium, Massachusetts Institute of Technology; Nicholas J. Moore, director, Alabama Governor’s Office of Education and Workforce Transformation; Jodi Novotny, director, JFF; Alexandra Peterson,

director, JFF; Peggy Sease-Fain, vice president for human resources, DCH Healthcare System, and chair, Alabama State Workforce Development Board; William Turner, associate vice president for the Workforce & Regional Economies Practice, JFF; and Jacob Vigil, director, Rework America Alliance Initiative, JFF.

We would also like to thank our colleagues at JFF who made this product possible: Karishma Merchant, associate vice president for policy and advocacy; Meena Naik, director, JFF Labs; and Cat Ward, vice president for the Employer Mobilization Practice.

About JFF

Jobs for the Future (JFF) drives transformation of the U.S. education and workforce systems to achieve equitable economic advancement for all. www.jff.org

About JFF’s Language Choices

JFF is committed to using language that promotes equity and human dignity, rooted in the strengths of the people and communities we serve. We develop our content with the awareness that language can perpetuate privilege but also can educate, empower, and drive positive change to create a more equitable society. We will continually reevaluate our efforts as language usage continues to evolve. info.jff.org/language-matters

Introduction

Skills and Labor-Market Signals

01.

While the United States' labor market has an enviably low unemployment rate of just 4.2%, that isn't good news for everyone. There are more jobs than workers to fill them, with roughly 68 qualified workers for every 100 open jobs.¹ The mismatch between open positions and available talent underscores a systemic issue in our economy—one that demands immediate, transformative change.

One way to address this challenge is recognizing that reliance on the four-year degree as the primary measure of job readiness is outdated. Currently, 62% of Americans lack a bachelor's degree, and the percentages among Black, Latine, and rural workers are even higher.² Research from Opportunity@Work shows that millions of people who lack four-year degrees have demonstrable skills that suit them to roles commanding salaries at least 50% higher than those of their current job.³ Clearly, using degrees as a proxy for job preparedness limits opportunity for a majority of the nation's workforce.

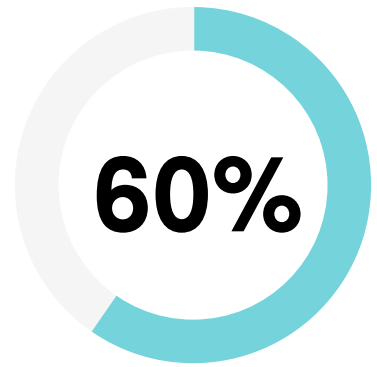
This problem is compounded by the accelerating pace of technological change, which is expected to reshape industries and job requirements faster than ever. Researchers predict that automation could take over tasks accounting for 29.5% of the total hours worked in the U.S. economy by 2030.⁴ The World Economic Forum's 2023 Future of Jobs Report predicts that, globally, 44% of workers' skills will be disrupted by 2028.⁵ Public sentiment mirrors these projections: Nearly three in four American workers feel unprepared for the future of work.⁶ To respond, the country needs to train new workers more rapidly, recognize workers' uncredentialed skills, and reskill workers who are at risk of dislocation.

Unfortunately, federal investments continue to prioritize traditional four-year degree programs over skills-based education and training. The federal government has spent \$104.42 billion on higher education so far in FY24, yet beyond Pell Grants and veterans' programs, Washington only spends \$16 billion annually on workforce-focused training, distributed across 17 different federal education, employment, and training assistance programs.⁷

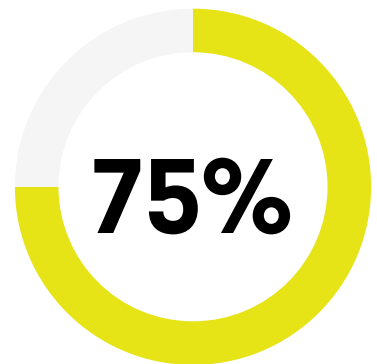
But the tide is beginning to turn. A growing number of employers are adopting skills-based practices—they're increasing investments in talent development activities and dropping four-year degree requirements from jobs that don't need them—recognizing that non-degreed workers can perform just as well as their degree-holding counterparts.⁸ Many state governments have followed suit, taking action to reduce degree requirements in public-sector jobs, and both the Biden and Trump administrations took significant steps toward modernizing federal hiring practices.

However, to fully transition to a skills-based economy, more work remains. Employers, educators, policymakers, and other key stakeholders must collaborate to build a system that values skills over degrees, enhances labor-market efficiency, and broadens access to economic opportunity for all.

To reach this goal, Jobs for the Future (JFF) offers a comprehensive set of federal policy recommendations that cut across public education and workforce systems. These recommendations are highly actionable, practical, and bipartisan, and they focus on solutions that can be implemented immediately to build a more inclusive, dynamic, and human-centered economy.



Percentage of candidates for jobs who are qualified but rejected because automated filters are set up to require four-year degrees.⁹



The increase in likelihood that an employee will stay at an organization that offers skills-based growth opportunities.¹⁰



The increase in the size of the U.S. talent pool if skills-based approaches were universally adopted.¹¹

Policy Unlocks

New Signals for Skill Attainment and Credential Quality

02.

Despite the broad interest among public- and private-sector employers in moving to skills-based talent practices, federal policies often impede their wide-scale adoption. JFF has identified several policy “unlocks” that could advance an ecosystem that gives credit to skills, regardless of how they are acquired.

We have organized these unlocks into three sections, elevating the major areas where policy reform is needed:



1 Enable lifelong learning through multiple pathways

Several unlocks could expand high-quality postsecondary options outside of a four-year degree by ensuring that all learning, whether in the classroom or on the job, is accounted for in the labor market.



2 Establish trust in postsecondary credential quality

Some policy changes aim at helping people make informed choices about their postsecondary path and giving employers and public leaders better information about the value of credentials and skills that workers earn.



3 Advance private-sector movement toward skills-based hiring

Federal policy could be changed to incentivize employers to implement skills-based hiring and participate in other skills-based training and employment efforts.

While the policy recommendations are organized into subcategories for clarity, many of the recommendations cut across systems and themes.

Enable Lifelong Learning Through Multiple Pathways

Realizing a skills-first economy depends in part on implementing policies that foster a lifelong learning system, allowing workers to build on skills or learn new ones, get credit for their relevant experiences, and leverage their skills to find in-demand employment. Education and workforce systems that follow these practices enable jobseekers to navigate the world of work more easily and advance economically.

Recent polling commissioned by the National Skills Coalition and Opportunity@Work found that 82% of American voters support increasing government funding for skills training.¹²

Support Multiple Pathways

Policymakers must acknowledge that the U.S. postsecondary system is not working for all learners.

The accountability system for traditional higher education prioritizes inputs such as enrollment rates and institutional resource capacity over student outcomes, including postgraduate employment. Partly this is because the structure of fund disbursement for Title IV of the Higher Education Act (HEA), granting aid to students according to the total number of credit hours they are currently enrolled in, inhibits institutions from adopting innovative, student-centered practices. Indeed, many educators around the country have recognized the outdated,

imprecise nature of the credit hour as a metric and have moved toward evaluating progress based on competency gains instead of classroom time. However, HEA's Title IV restricts their ability to scale such models.

The U.S. workforce system is also not optimized for skills-based employment and training. Currently, the system is not funded or structured to support the necessary elements of career pathways such as the stacking of skills and credentials and wraparound supports. This is partly due to the Workforce Innovation and Opportunity Act (WIOA), whose performance metrics place significant weight on job placement and earnings and allow local boards to “count” employment-related performance only when participants exit the program. These metrics shape priorities and practices, often discouraging skills and credential attainment beyond an initial job placement.

Support is also needed to embed work-based learning models into U.S. education and workforce systems. Many of these experiences happen through the nation's Career and Technical Education (CTE) and WIOA systems, but more must be done to ensure that experiences are of high quality and that the learners are paid. Registered Apprenticeship (RA), for example is an earn-and-learn model that allows people to learn technical skills



Studies show that programs that employ the core tenets of the career pathways model result in strong positive impacts on credential completion rates, employment, and long-term earnings.¹⁵ **Career pathways models** clearly articulate the education and training required for each occupation level within an industry sector, deliver training in combination with academic and non-academic supportive services, and intentionally allow learners to exit and reenter the program as needed.

alongside classroom education and attain industry-recognized credentials while getting paid. RA, pre- and youth apprenticeship, and other forms of high-quality work-based learning are increasingly popular with employers and individuals, but despite recent growth in industries outside of construction and manufacturing, the United States has yet to scale these opportunities and ensure they reach more individuals and are utilized by more sectors.¹³

Federal policymakers must create a more flexible and innovative postsecondary system that encourages multiple pathways to success. They can do this by doing the following:

Investing in state efforts to implement direct-assessment, competency-based education programs by authorizing demonstration projects under the HEA that are designed to test new financial models outside of HEA Title IV's standard credit-and-clock-hours approach, as outlined in the Empowering Learners Through [Competency-Based Education Act](#).

Expanding Pell Grant funding to cover the costs of high-quality, short-term training programs that lead to industry-recognized credentials and employment in high-wage industry sectors or occupations. This new investment must be paired with guardrails to protect students and taxpayers, as outlined in the [Jumpstart Our Businesses by Supporting Students \(JOBS\) Act](#); in particular, eligible programs must “stack” to two- and four-year degrees. Further, Pell expansion would address valid concerns around the lack of quality-assurance and outcomes data for non-credit programs.

Changing WIOA's performance measures to allow people in career pathways programs to continue in training even after initial employment, with performance credited for initial employment, educational progress, attainment of stackable credentials, and employment-related progression.

Raising the cap on the percentage of WIOA Adult and Dislocated Worker funds that can be used for incumbent worker training, helping people while they are still employed to make the transition to new work or to advance in their career path, while maintaining the priority of service for individuals who face barriers to employment.

Investing in efforts to scale and replicate high-quality, work-based learning models, including RA programs, to diversify the industries that offer work-based learning programs and make these opportunities available to more individuals. As part of this effort, Congress

should expand the competency-based model for RA programs by directing the U.S. Department of Labor (DOL) to issue guidance clarifying that RA programs in new industries may be competency-based or hybrid in addition to the traditional time-based model.

Aligning various federal education and workforce programs that serve similar populations and purposes to promote comprehensive, statewide approaches to career pathways and economic advancement. Aligning program eligibility requirements, performance outcomes, and pathways strategies across related programs would optimize the use of limited resources, reduce duplication, and streamline service delivery. To do this, federal policymakers should continue to encourage combined state planning across related programs such as CTE, Temporary Assistance for Needy Families, and WIOA. This planning process, as outlined in WIOA, requires state agencies to develop a joint strategic and operational plan for coordinating programs, resources, and activities to meet state-defined goals.¹⁴

Recognize Learning in All Its Forms

To ensure that all learning counts, regardless of where it occurs, policymakers must commit to supporting and implementing policies that capture knowledge gained both inside and outside of formal education.

Yet federal policy does little to facilitate the recognition of individuals' existing knowledge, skills, competencies, and relevant work experience. For example, Title IV of the

HEA, which authorizes Pell Grants, does not permit funding to cover the cost of prior learning assessments (PLAs). And while WIOA encourages local workforce development boards to assess jobseekers' skills, this function is underutilized, in part due to limited funding but also because of a lack of guidance on how to capture such information and stack the prior learning toward credentials.

Across both higher education and workforce systems, PLA processes lack the standardization necessary for widespread understanding and adoption. Additionally, even if PLAs were more broadly used, the language that postsecondary leaders use to describe learning outcomes differs substantially from the language employers use to define their skill needs. Due to these challenges, only 22% of institutions of higher education report implementing skills-based frameworks across their programs.¹⁶



To push education and workforce systems to credit skills acquired from experience, federal policymakers must create incentives for states to develop policy frameworks for assessing and understanding a person's past knowledge and skills, aligning non-credit and credit coursework, and translating career experiences such as apprenticeships to academic credits. Federal policy can help support these efforts by taking these steps:

Encourage state and local workforce boards to provide skill assessments, assist employers with skills matching (using up-to-date technologies, including artificial intelligence and machine learning), and perform PLAs so that learners and workers can accelerate in pathways to credentials and in-demand careers.

Invest in efforts undertaken by state education agencies to develop statewide PLA and credit-to-noncredit articulation frameworks. Further, Congress should enact incentive mechanisms under the HEA that reward institutions for recognizing credit for prior learning attained through youth RA, apprenticeships, pre-apprenticeships, and other forms of quality work-based learning.

Allow Pell Grants to cover costs associated with PLAs but include guardrails that ensure that any Pell-funded PLAs count toward a learner's program of study and thus protect students from the risk of spending financial aid dollars on credits that are not relevant for their intended credential.

Support Workers in Times of Transition

Because rapidly changing technology can quickly change workforce needs, it is essential to support workers in times of transition. To remain competitive, employers need workers with up-to-date skills, and workers need to reskill and upskill to stay attached to the labor market. Workers also have to understand what career pathways make sense based on the knowledge they have attained, their prior work experiences, and their career aspirations. But such transitions are disruptive; workers need support to successfully navigate them and pursue opportunities to gain new employment in vital fields. Unfortunately, the current workforce development ecosystem in the United States is not funded or designed to offer adequate support.

Many federal agencies, in departments as varied as Education, Health and Human Services, Labor, and Agriculture, administer training and assistance programs, but programs in so many different silos cannot work together well. Compounding the difficulty, funding is limited. Workers in transition, faced with the task of finding the right program for them, require clear direction. We need all the providers to come together to serve people holistically.

To ensure that this holistic approach serves as many people in transition as possible, federal policymakers should consider the following policy unlocks:

Increasing funding for skills training as well as the wraparound support services that will help people succeed in accessing and completing any needed training (e.g., intensive advising and financial supports for needs such as child care and transportation).

Strengthening reemployment assistance for people claiming unemployment insurance by building on the strategies and interventions provided under the Reemployment Services and Eligibility Assessment (RESEA) program. Specifically, services should include worker profiling, robust career navigation, and skills training, all of which help unemployment benefit recipients reenter the labor force quickly and attain quality jobs.¹⁷

Establishing a career navigation system with a comprehensive digital footprint so that people can access information anywhere, supplementing any needed in-person support

in locations such as community colleges and the local workforce board's One Stop Career Center.

Investing in professional development to ensure that all in-person support staff are trained to leverage labor-market data, skills assessments, and other resources to provide human-centered services.

CASE STUDY

In 2023, the Workforce Development Office in San Antonio, Texas, working in partnership with the nonprofit Social Finance, launched an internship pilot program called [Pay It Forward](#). After completing training through the city's Ready to Work program, Pay It Forward participants are placed in six-week internships with local employers. During this "working interview" period, the city covers interns' salaries; if employers choose to hire their interns full time, they reimburse the city for those wages.

Establish Trust in Postsecondary Credential Quality

The quality of higher education is determined largely by accreditation and compliance mechanisms that are not focused on outcomes. While four-year degrees carry an assumption of verified, consistent quality, they tell employers very little about graduates' specific competencies, and they no longer guarantee strong employment and earnings outcomes for students. And while credentials and skills function as currency for employment and career progression, there currently is no widespread system to validate their value and credibility.

Because capturing the value of workforce-oriented, shorter-term credentials is difficult, employers often stick with the easier route of seeing a four-year degree from an accredited institution of higher education as a proxy for quality.

Reform Quality Assurance

For workers to trust non-degree postsecondary pathways, they need an assurance that these opportunities lead to strong outcomes.

Unfortunately, public workforce and education systems lack sufficient authority and resources to play the quality-assurance role that could help establish student and employer trust in short-term, non-degree credentials and credentialing programs. Moving toward a well-functioning skills-first ecosystem will require a new way of measuring the quality of credentials and the programs that provide training for them,

as well as an efficient means of sharing insights on the findings.

Within higher education, HEA Title IV funding and the associated incentive and regulatory powers are restricted to credit programs, with the lone exception being non-credit programs that are part of a degree pathway. While other programs aren't as closely regulated and therefore can be set up more easily to meet employer and student needs, the dearth of regulation means there is less quality consistency across programs and very little reliable data on student outcomes.

CASE STUDY

The state of **Minnesota** collects individual-level data from all educational institutions and training providers that receive state or federal dollars. In return, those providers receive regular updates on their performance, benchmarked against their peers. High-performing providers are rewarded with additional funding, free promotion of their services, and other benefits. The state uses Social Security numbers, driver's licenses, and other state records to match data across the entire education and training system, from K-12 schools to ETPL providers, to capture learners' earnings and employment outcomes over time.



On the workforce side, states are required to determine quality standards for workforce training programs included on WIOA's Eligible Training Provider List (ETPL). While states can use their regulatory authority to hold providers accountable for participant outcomes, few have taken advantage of it. Consequently, the marketplace of eligible providers is oversaturated. A recent study from the Harvard Project on Workforce found that there are over 7,000 training providers and 75,000 eligible programs in over 700 occupational fields on the ETPL nationwide.¹⁸ The Harvard study notes, however, that performance information at the provider level is limited and that many ETPL programs train for low-wage occupations.

Federal policy changes that could improve the public workforce and higher education systems' role in quality assurance include the following:

Establishing a unified quality-assurance and transparency floor across all postsecondary education programs, including traditional degree programs, short-term education and training programs, and workforce training programs outside of the federal departments of Labor and Education such as SNAP Employment & Training. Minimum quality standards must account for all program participants and measure postgraduation earnings, using either a wage progression or an earnings threshold that accounts for a variety of state, regional, and local labor-market nuances. Metrics should also account for completion rates, labor-market alignment, and job placement rates.

[Education Quality Outcomes Standards \(EQOS\)](#) is an independent nonprofit powered by JFF and the Burning Glass Institute that is pioneering a novel way to measure the quality and efficacy of non-degree credentials through workers' outcomes in order to help people navigate the crowded and confusing education and training marketplace. EQOS collaborates extensively across systems to develop solutions and build coalitions to deploy these evaluations, including a partnership with the state of Arkansas to expand consumer access to outcomes data.

Broadening the definition of training under WIOA to include micro-credentials and entrepreneurial training, which would allow providers to better match training to local employers' needs. As part of this effort, policymakers should require states to refresh the ETPL at least twice a year to account for changes in access to services and skills demand and verify that ETPL programs remain relevant for in-demand, quality jobs. [JFF's full ETPL recommendations can be found here.](#)

Requiring states to designate a single state agency as the entity responsible for matching program participant data with wage records or other data sources for determining labor-market outcomes. In addition, states should be required to share that data back with local boards.

Strengthen Workforce Partnerships

Some of the strongest examples of skills-based economies across the United States grew out of partnerships within various industry sectors. Such sector partnerships are a powerful mechanism to develop a shared taxonomy of skills across industry and training providers, foster industry-responsive education, and strengthen the quality of postsecondary credentials. Sectoral training strategies address current or projected skills gaps; enable formal collaboration between training providers, industry leaders, and other stakeholders; and offer a systems-level approach to aligning the supply and demand sides of the labor market.

However, replicating and scaling sector partnerships requires significant capacity and resources. Sector-based training models warrant federal investment because of their proven effects in increasing worker earnings and employment rates. A review of evidence from randomized evaluations of sectoral employment programs found that the programs produced significant earnings gains—among the largest found in any evaluation of any U.S. training program—and that program participants continued to earn an average of 11.5% more than their peers six years later.¹⁹ Crucially, studies also indicate that sectoral training program completers are substantially more likely to work in the targeted sector (i.e., to fill critical jobs).²⁰ Additionally, evidence from the Trade Adjustment Assistance Community College and Career Training (TAACCCT) program suggests that getting employers to partner with the public sector on these efforts requires a single entry

point for employers: a team or individual that owns those relationships and makes it easy for them to participate.

If the federal government wants to expand sector partnerships and leverage the unique ability of such partnerships to articulate competency levels by occupation, agree upon high-value credentials, engage in the development of training curriculum, and improve demand projections, policymakers must take the following steps:

Provide targeted funding to community college systems to support state- and systemwide sector partnership efforts, as proposed by the bipartisan [Assisting Assisting](#)

CASE STUDY

[Connecticut's Manufacturing Pipeline Initiative](#)

is a strong example of regional cross-sector partnership. The program, administered by the Eastern Connecticut Workforce Investment Board, targets unemployed and underemployed people, most of whom have no prior experience in manufacturing. Participants receive free short-term, work-based training at Connecticut State Community College and the Community College of Rhode Island, then continue on-the-job training once they are placed with one of the program's 45-plus partner employers. The impressive track record: 90% of participants successfully complete training, and **95% of graduates secure employment.**

[Community Colleges in Educating Skilled Students \(ACCESS\) to Careers Act](#). Building on the TAACCCT grant program, the ACCESS to Careers Act provides grants to states to scale systemic change and partnerships across the education-to-work ecosystem, including K-12 school districts, postsecondary institutions, and employers, to better align skills training opportunities with regional labor-market demand. The act proposes effecting change using approaches such as career pathways, stackable credentials, work-based learning, and holistic supports; JFF recommends adding learning and employment records (LERs) as an allowable use of funds.

Designate new resources in WIOA to ensure that workforce development boards across the country work with employers to develop and sustain regional sector partnerships.

This can be done through a general increase in investment for Title I-related activities or establishing something along the lines of the Critical Industry Fund that is proposed in the bipartisan House bill called the [A Stronger Workforce for America Act](#). However, it would be crucial for this program to receive its own resources and not draw from existing funds across the system. Additionally, Congress should allow and encourage state efforts to leverage sector partnerships to catalog the competencies required for in-demand, quality jobs.

Invest in Data Infrastructure

Federal policymakers can also help to establish trust in a wider range of programs by reforming the various data systems across the education and workforce ecosystem to better capture the value of underlying competencies and the quality of credentials that are available through degrees and short-term, non-degree programs.

Neither workforce nor education systems provide sufficient information to help workers and learners identify quality credentials or providers. Current data sources lack information that provides detailed, verifiable information on skills and competencies (versus a more aggregated measure of attainment, such as degrees or credentials).

To that end, several states have launched LERs to store and share more granular records of an individuals' skill and competency attainment in the form of verifiable digital credentials. LERs have the potential to serve as a valuable, reliable tool in the labor market and support skills-first training and employment practices by facilitating better matches between talent and open jobs, supporting personalized career pathways resources, and communicating the skills of workers whose learning occurs outside of traditional higher education (for example, in the military).

To better track program outcomes, help consumers make informed decisions about credentials and training programs, and capture skills and competencies from all forms of learning, the federal government should take the following actions:

Funding states to establish comprehensive credential repositories—dynamic online and real-time catalogs of the credentials available in each state, including comprehensive information about them that is expressed in transparent and standardized formats. For example, Credential Engine is partnering with 30 states to start this process, supporting their efforts on data infrastructure and developing a cloud-based credential repository.

Providing augmented and stable, long-term funding for reforming data systems to encourage the development of statewide longitudinal data systems—building on the Workforce Data Quality Initiative and Statewide Longitudinal Data Systems competitive grant programs. Statute should encourage states to use this funding to assume a coordinating role in various LER-related initiatives, which offer valuable skills data that can support more agile and responsive workforce development planning.

Clarifying existing guidance from the U.S. departments of Education and Labor on sharing wage data and states' ability to use wage and workforce data for linkages, including cross- and multi-state initiatives, to determine systems outcomes and overall performance.²¹

Modernizing the DOL's O*Net system. The O*Net taxonomy currently includes information on the required knowledge, skills, and abilities for 923 occupations; Congress should expand it to include more real-time labor-market information and require frequent, regularly scheduled updates.

Ensuring more user-friendly public reporting of data on program outcomes (i.e., employment, wages). The data that the federal government has is hard to understand and often buried on agency websites. Federal leaders must look to states such as Kentucky, Washington, Minnesota, Colorado, and New Jersey that have created consumer-facing data tools that contextualize wage outcomes and other data in a user-friendly, digestible, and actionable format. The federal DOL should build on those efforts to identify best practices and deliver technical assistance to other states.



Advance Private-Sector Movement Toward Skills-Based Hiring

While skills-based hiring practices are increasingly popular among employers, more must be done to see real implementation of these practices and then scale them to serve large populations. The public sector can play a role in incentivizing this behavior and making it easier for employers to make these critical commitments.

Support Employer Efforts to Broaden Talent Pools

Researchers have found that there was nearly a 28% decline in employer-sponsored training between 2001 and 2009.²² In more recent years, this trend has started to reverse, with employers recognizing the need to invest not only in existing talent but also in future talent to ensure a sustainable and high-quality pipeline of well-prepared workers. Nonetheless, very few have built out longstanding learning and development programs within their organization.²³

Congress can better encourage employers to invest in training by rewarding companies for those investments. Further, federal policy can bolster private-sector efforts by investing in programs that connect employers to untapped talent and support inclusive hiring strategies. Policymakers can do this by taking the following steps:

Prioritize public-private partnerships in legislation and grant programs: Public-private models leverage public investments to

incentivize employers to participate in regional workforce efforts, including by supporting curriculum development, co-delivering training, sponsoring mentorship programs, matching investments, and making hiring commitments. These models allow the public sector to learn from employer innovation and best practices while giving the private sector access to talent they have undervalued or not recognized. A strong example of this is the U.S. Department of Commerce's Good Jobs Challenge.

Establish incentives through the tax code that benefit employers committed to talent development and advancement of current and future employees. An example is the [Leveraging and Energizing America's Apprenticeship Programs \(LEAP\) Act](#), which Democrats and Republicans have introduced multiple times. This policy proposal follows the model of South Carolina's program, which offers a tax credit for employers sponsoring RA. Additionally, make current federal incentives more transparent to industry partners through guidance from the DOL, Treasury and other agencies, especially related to recent tax credits built into the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and the CHIPS and Science Act.



Increase the amount of tax-free educational assistance that employers can offer their workers, as proposed in the bipartisan [Upskilling and Retraining Assistance Act](#). The existing tax benefit has not been updated since 1986 and is capped at \$5,250, much lower than the cost of most postsecondary education programs today.



Companies should be better at providing pathways to good jobs that everyone can access no matter their ZIP code or background. And this can only be possible if businesses and educators work together and partner on developing curriculums and on-the-job training. The reality is the future of work is about skills, not just degrees.”

—Jamie Dimon, chairman and CEO,
JPMorganChase

In 2020, JPMorganChase launched an internal skills-based competency model that allows employees to assess their proficiency levels against skill requirements for over 350 job profiles. In 2021, the firm revamped its Education Benefit Program, offering a catalog of degree and certificate programs—including fully funded training opportunities from quality education and training providers—paired with personalized coaching to help employees tailor their learning journeys to their career goals. Nearly 9,000 employees have enrolled in the program since March 2021, 77% of whom are in entry-level positions at the company. Of the frontline employees who participated, 25% have advanced in their careers, compared to 14% of peers who did not participate.²⁴

Authorize the Reentry Employment Opportunities (REO) program as a national program under WIOA. People who have reentered the labor market after incarceration are underrepresented in the workforce, yet they are a strong source of talent. The continuation of this DOL program can ensure that the skills of those reentering their communities are recognized by in-demand employers and continue to inform employer hiring practices around people with criminal records.

Leverage Federal Hiring and Procurement

As the largest employer in the country, the federal government has significant influence over employment practices, indirectly by example and directly through its procurement practices. Since 2020, the federal government has dropped degree requirements for many of its positions, and it continues to consider skills-first hiring in more occupational classifications.

Federal policymakers can build on these efforts to drive equitable access to quality jobs by doing the following:

Leveraging its procurement authority to require employers that receive federal funding to implement skills-based hiring practices, removing degree requirements from jobs that don't need them.

Including federal contractors in the current [Executive Order 13932](#) which modernizes and reforms the assessment and hiring of federal job candidates. EO 13932 was established by the Trump administration and continued under

the Biden administration. While it is a strong first step in reforming federal hiring practices, EO 13932 does not cover federal contractors, which are a large part of the federal government's workforce. The EO must be updated to include federal contractors, while ensuring that those companies are also able to implement skills-first employment practices.

Provide Guidance and Technical Assistance

Employers can be reluctant to move from relying on traditional competence signals such as degrees to non-degree signals such as digital badges because they perceive that change as risky. In particular, the tools for screening applicants in a skills-based ecosystem are not yet standardized, and such tools also could introduce bias in the hiring process. As a result, some employers continue to see the use of degrees as safer.

While the Equal Employment Opportunity Commission (EEOC) has provided some guidance on the topic of skills-based assessment and hiring, that document was last updated in 2007. Absent actionable guidance (and legal protection) on best practices in assessing a candidate's skills, HR teams will likely continue to rely on degrees for screening applications and making final hiring decisions.

JFF cautions against making any statutory changes to the EEOC because doing so may inadvertently create loopholes for discrimination against protected groups.

Instead, JFF proposes leveraging the federal government's expertise and authority to foster the conditions necessary for more employers to adopt skills-based hiring practices by taking these steps:

Respond to potential employer concerns related to disparate impact from hiring and promotion practices by having the EEOC provide guidance around pre-employment assessments to ensure their compliance with existing anti-discrimination laws.

Invest in the U.S. DOL's capacity to provide technical assistance to employers seeking to implement skills-first employment and promotion processes and elevate best practices (e.g., by publishing a review of specific cases to bolster private employer decisions around moving to skills-based employment practices).



Conclusion

03.

JFF has set an ambitious goal: that by 2033, 75 million people now facing systemic barriers will secure quality jobs. Achieving this vision hinges on the widespread adoption of skills-based education, training, and talent management practices. However, transforming America into a true skills-based economy demands more than isolated efforts; it requires a comprehensive, systemic approach.

The challenges in today's labor market underscore the critical need to move beyond traditional degree-focused practices and place greater value on skills and competencies. This shift calls for a united effort from employers, educators, policymakers, and other stakeholders to rethink our education and workforce systems. We must create multiple pathways for learning, establish trust in non-degree postsecondary credentials, and drive the private sector toward skills-based practices.

By collectively embracing and implementing these policy changes, national leaders can build a more inclusive, dynamic, and resilient economy—one that fully taps into the potential of all workers, regardless of their educational backgrounds.

Endnotes

- 1 Stephanie Ferguson and Isabella Lucy, “America Works Data Center,” U.S. Chamber of Commerce, August 28, 2024, <https://www.uschamber.com/workforce/america-works-data-center>.
- 2 This figure is based on the percentage of the U.S. civilian population aged 25 and over who lack a bachelor’s degree; U.S. Census Bureau, Educational Attainment in the United States: 2022, <https://www.census.gov/data/tables/2022/demo/educational-attainment/cps-detailed-tables.html>.
- 3 STARS: Skilled Through Alternative Routes,” Opportunity@Work, accessed September 3, 2024, <https://opportunityatwork.org/stars/>.
- 4 Kweilin Ellingrud et al., *Generative AI and the Future of Work in America* (New York, New York: McKinsey Global Institute, July 2023), https://www.mckinsey.com/mgi/our-research/generative-ai-and-the-future-of-work-in-america#.
- 5 Attilio Di Battista et al., *Future of Jobs Report 2023* (Cologny, Switzerland: World Economic Forum, May 2023) https://www3.weforum.org/docs/WEF_Future_of_Jobs_2023.pdf.
- 6 Upskilling Study (Chestnut Hill, Massachusetts: Workplace Intelligence and Amazon, October 2022), <https://workplaceintelligence.com/upskilling-study/>.
- 7 “Agency Profile: Department of Education,” USASpending.gov, accessed September 5, 2024, <https://www.usaspending.gov/agency/department-of-education?fy=2024>; Mary Gardner Clagett, David Bradley, and Susannah Rodrigue, *Recommendations for a Fully Funded and Transformed Workforce Development System* (Boston, Massachusetts: JFF, March 25, 2024), <https://www.jff.org/idea/recommendations-for-a-fully-funded-and-transformed-workforce-development-system/>.
- 8 Joseph B. Fuller and Manjari Raman, *Dismissed by Degrees* (Cambridge, Massachusetts: Accenture, Grads of Life, and Harvard Business School, December 2017), https://www.hbs.edu/ris/Publication%20Files/dissmised-by-degrees_707b3f0ea772-40b7-8f77-aed4a16016cc.pdf.
- 9 Fuller and Raman, *Dismissed by Degrees*, https://www.hbs.edu/ris/Publication%20Files/dissmised-by-degrees_707b3f0e-a772-40b7-8f77-aed4a16016cc.pdf
- 10 *Skills-First: Reimagining the Labor Market and Breaking Down Barriers* (Carpinteria, CA: LinkedIn Economic Graph, 2023), <https://economicgraph.linkedin.com/content/dam/me/economicgraph/en-us/PDF/skills-first-report-2023.pdf>
- 11 Skills-First, <https://economicgraph.linkedin.com/content/dam/me/economicgraph/en-us/PDF/skills-first-report-2023.pdf>.
- 12 National Skills Coalition, *Public Perspectives: A National Skills Coalition Series on Jobs, Skills Training, and the Economy* (Washington, DC: National Skills Coalition, March 2024) https://nationalskillscoalition.org/wp-content/uploads/2024/05/NSC_PublicPerspectives_Top-Findings_Brief.pdf.
- 13 Rachel Cook et al., *The Workforce Innovation Fund (WIF): A Synthesis Report on Evaluation Findings and Experiences* (Rockville, Maryland: Abt Associates, prepared for the U.S. Department of Labor, Employment and Training Administration, June 30, 2020), [https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WIF%20Final%20Synthesis%20Report%20-%20FINAL%20\(Accessible%20PDF\).pdf](https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WIF%20Final%20Synthesis%20Report%20-%20FINAL%20(Accessible%20PDF).pdf).
- 14 Debbie Reed et al., *An Effectiveness Assessment and Cost-Benefit Analysis of Registered Apprenticeship in 10 States* (Oakland, California: Mathematics Policy Research, prepared for the U.S. Department of Labor, Employment and Training Administration’s Office of Apprenticeship, July 25, 2012), <https://www.mathematica.org/publications/an-effectiveness-assessment-and-cost-benefit-analysis-of-registered-apprenticeship-in-10-states>.

- 15 20 CFR 676.140, <https://www.ecfr.gov/current/title-20/section-676.140>.
- 16 Lana Muni and Rebecca Klein-Collins, *Comprehensive Learner Records: Empowering Lifelong Learning in the Digital Age* (Toronto, Ontario: the Evollution, CAEL, and Modern Campus, January 2024), <https://resources.moderncampus.com/empowering-lifelong-learning-in-the-digital-age-2024>.
- 17 “Worker Profiling and Reemployment Services,” U.S. Department of Labor Employment and Training Administration, accessed September 24, 2024, <https://www.dol.gov/agencies/eta/american-job-centers/worker-profiling-reemployment-services>.
- 18 David Deming et al., *Navigating Public Job Training* (Cambridge, Massachusetts: Harvard Kennedy School, March 2023), <https://www.pw.hks.harvard.edu/post/publicjobtraining>.
- 19 Lawrence Katz et al., “Why Do Sectoral Employment Programs Work? Lessons from WorkAdvance,” *Journal of Labor Economics*, vol. 40 no. S1, April 2022, <https://scholar.harvard.edu/lkatz/publications/why-do-sectoral-employment-programs-work-lessons-workadvance>.
- 20 *Sectoral Employment Programs as a Path to Quality Jobs: Lessons from Randomized Evaluations* (Cambridge, Massachusetts: The Abdul Latif Jameel Poverty Action Lab, February 2022), https://www.povertyactionlab.org/sites/default/files/publication/Evidence-Review_Sectoral-Employment_2222022_0.pdf.
- 21 “Joint Guidance on Data Matching to Facilitate WIOA Performance Reporting and Evaluation,” U.S. Department of Education, last updated August 2016, https://urldefense.com/v3/__https://studentprivacy.ed.gov/resources/joint-guidance-data-matching-facilitate-wioa-performance-reporting-and-evaluation__!Bg5easoyC-OIi2vIEqY8mTBrTW-N4O-JKAQ!PKBfg5bUg3gS3TxKB-FulSgkB8zsmsO66E-jKLhmOTdZIRULm9kwt2SJTcPoJ_aCIB.
- 22 “Multiple Pathways Initiative: Companies,” Business Roundtable, accessed October 2, 2024, <https://www.businessroundtable.org/mpi-companies>.
- 23 C. Jeffrey Waddoups, “Did Employers in the United States Back Away from Skills Training During the Early 2000s?” *Industrial and Labor Relations Review*, 69 no. 2, December 9, 2015, <https://doi.org/10.1177/0019793915619904>.
- 24 Workplace Learning Report 2024 (Carpinteria, California: LinkedIn Learning, 2024), <https://learning.linkedin.com/content/dam/me/business/en-us/amp/learning-solutions/images/wlr-2024/LinkedIn-Workplace-Learning-Report-2024.pdf>.



Building a Future
That Works
For Everyone