

How the Great American Jobs Reshuffle Enables a New Opportunity Agenda

By Bruno V. Manno

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Key Points

- There's a great American jobs reshuffle underway that, while wrenching, has a potential upside for education.
 - This upside is an opportunity to expand two promising and related approaches to education, training, and hiring: skills-based hiring and K–12 career pathways programs.
 - These new approaches create workers skilled through alternative routes (STARs).
 - A new opportunity agenda that looks to STARs and is grounded in opportunity pluralism increases the avenues individuals can pursue throughout their life by offering them multiple education, training, and credentialing pathways to work and a career.
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When COVID-19 sent shock waves through the US job market, it amplified what AEI's Brent Orrell and Daniel Cox call “the great American jobs reshuffle.”¹ This nationwide rethinking of work and human capital development is occurring while 10.4 million² jobs go unfilled and more than 8.4 million³ unemployed individuals look for work, suggesting a significant mismatch between demand and supply.

This reassessment of work and human capital is a form of creative destruction⁴—the process through which new approaches replace existing, obsolete ones. What emerges is a social capital development narrative,⁵ an account that chronicles how individuals acquire knowledge and networks—or social capital—that help them succeed and flourish.

While wrenching in many ways, the reassessment has an upside. It's an opportunity to expand

two promising and related approaches to education, training, and hiring that prepare young people and adults for jobs and careers in this new world of work: skills-based hiring and a K–12 approach called career pathways programs, a way to prepare young people for a skills-based labor market. Young people and other workers who undertake pathways programs and are hired for specific skills or competencies are what Opportunity@Work founder and CEO Byron August calls STARs—workers skilled through alternative routes.⁶

The Labor Reassessment Exacerbated by COVID-19

Even before the pandemic, the job market was changing for many reasons: job losses due to artificial intelligence and other forms of automation,⁷ the need to educate and train new workers and

upskill current ones to cope with these changes,⁸ and a growing skepticism about the value of the four-year college degree as the gateway hiring credential.⁹ The arrival of COVID-19 aggravated the disconnect between labor market demands (current and future) and the supply of individuals training for work and careers, for at least six reasons. First, there's ongoing substantial workforce attrition¹⁰ (colloquially known as the "big quit"),¹¹ which manifests in a large increase in worker retirements (at 3.6 million since the pandemic, two million more than expected)¹² and resignations (up 13 percent from pre-pandemic levels), eliminating skilled workers from the labor pool.¹³

Second, the pandemic worsened some of the already existing mismatch between available workers and workplace needs. For example, an Organisation for Economic Co-operation and Development analysis of five English-speaking countries, including the United States, used online job vacancy data to show how the existing demand for specific skills in logistics and health care increased significantly following the onslaught of COVID-19.¹⁴ And a McKinsey analysis of the post-COVID-19 work environment in eight countries, also including the United States, projects the mix in occupations is likely to shift by as much as 25 percent by 2030.¹⁵

Third, there's a geographic mismatch, with workers living in different places than where jobs can be found. For example, on average, there are more job openings in the South and Midwest, where unemployment is low, than on the West and East Coasts, where the opposite is true.¹⁶ While some of this existed before COVID-19, the pandemic has exacerbated this mismatch, illustrated by how more people have moved to the suburbs than have moved downtown—creating a suburban "robust housing market."¹⁷

Fourth, the pandemic has moved individuals to take their time when seeking employment, reconsidering what they want to do with their lives and work.¹⁸ A March 2021 Prudential survey of full-time working adults found that one in five had changed their line of work entirely over the prior year, with half saying those changes are permanent. The top reasons for making these changes include work-life balance, better compensation, and the desire to try something new. This work reassessment has been

dubbed "reallocation friction" by some economists, describing the fact that the types of jobs available in the economy are changing and workers are taking time to determine what job they want and what skills they need for their new role.¹⁹

Fifth, young adults, especially high school graduates, are acting differently than they did in the prior two recessions (and differently than older cohorts are acting in this one). Since February 2020, young adults have entered the labor force at higher rates, rather than enrolling in higher education.²⁰ Those with less than a college degree have enjoyed higher wages than they would have before the COVID-19 pandemic.

Finally, individual entrepreneurship is on the rise, as measured by applications for new businesses.²¹ While applications were down during the early part of the pandemic, they surged in the second half of 2020 and have continued rising through at least May 2021.

Taken together, these changes suggest that a fundamental reexamination is underway of how we think about work and human capital development. This effort has implications for America's education and training infrastructure and how to prepare individuals from all walks of life for work.

While much remains uncertain about the future of work in America, one early return on this great American jobs reshuffle is promising: a shift away from degree-based hiring toward skills-based hiring. In other words, employers seem increasingly willing to evaluate candidates' qualifications based on skills and abilities, irrespective of their four-year degrees. We may be witnessing the demise of the college degree hiring bias—and the demise of the assumption that a field-specific college degree is the premier gateway credential for identifying would-be employees. If this trend foreshadows hard times for higher education, it could be good news for many Americans—particularly those from minority, rural, and underserved communities.²²

But to realize the potential of this disruption, we must embrace a new approach to education at the K–12 level. In fact, such an effort is already underway, albeit at a small scale, under the banner of career pathways programs. For more than a decade, schools and local civic entrepreneurs have tested different approaches to preparing young people for jobs, careers, and continuing education

and training. In other words, these programs prepare young people for a skills-based hiring job market by helping them acquire knowledge, aptitudes, and social networks through education and learning experiences that connect them with employers and work.

The programs also foster opportunity pluralism,²³ making the nation's opportunity infrastructure more varied by creating multiple education and training pathways linked to labor market demands so young people can pursue their personal and professional goals, rather than making them pass through one giant clearinghouse of college degrees. These K–12 programs form the basis of what I call a new opportunity agenda, one that will lead to greater economic opportunity for all. Before outlining how these programs may look, it is important to survey the pressures on the current landscape.

The “Credentialist Prejudice”

If the college degree hiring bias is on the way out, it would be a good riddance. Harvard political philosopher Michael Sandel calls the assumption that the four-year college degree is the key pathway to a prosperous life the “credentialist prejudice.” By regarding a degree as “a precondition for dignified work and social esteem,” this bias in fact “fuel[s] prejudice against less educated members of society.”²⁴ This prejudice manifests in multiple ways and has a range of measurable economic consequences in addition to social inequality. Below are three.

A first consequence of degree bias as status inequality is degree inflation—the requiring of four-year degrees for jobs that once didn't demand them (and postgraduate degrees for jobs that previously required four-year degrees). A Harvard Business School study documents the pervasiveness of degree inflation, showing that while only 16 percent of existing production supervisors in 2015 had college degrees, two-thirds (67 percent) of supervisor job postings included degree requirements.²⁵ Skill requirements hadn't changed, but the credential threshold for hiring increased. Another analysis of degree inflation showed that while only 19 percent of administrative assistants

have a university degree, about 65 percent of job postings ask for one.²⁶

As a second consequence, exclusionary degree bias thus shrinks the talent pool, prohibiting some from getting a fair shot at employment. For example, a common hiring assumption is that low-wage workers without degrees are low skilled.²⁷ But a study led by Harvard economist Peter Q. Blair found that 16 million US workers with only a high school diploma in fact had skills for high-wage work (defined as more than twice the national median wage). Eleven million workers were employed in low- or middle-wage work.²⁸ Even company training benefits reflect this exclusivity. Of the \$177 billion employers spend annually on formal training, 58 percent is spent on employees with a bachelor's degree or higher, compared to 25 percent spent on workers with some college experience and 17 percent spent on workers who attained a high school diploma or less.²⁹

In other words, degree bias artificially constrains how companies hire and train workers. Degree inflation is especially pernicious in its negative impact on hiring racial minorities: Because of significant racial gaps in college attainment, the college degree gateway credential blocks minority candidates from jobs they could otherwise get.³⁰ Another analysis shows that the degree bias eliminates 79 percent of Latinos, 68 percent of African Americans, 73 percent of rural residents, and 66 percent of America's veterans from potential employment, despite them having the skills necessary for the job.³¹ In short, this approach is inefficient and inept, and employers are missing out on talented workers.

Third, college consumers are increasingly dubious about the constantly growing cost and attendant practical value of a college degree, even as they reflexively pursue it. Almost two-thirds of US high school graduates enroll immediately in some form of postsecondary education with a clear-cut motive: In 2019, 83.5 percent³² of entering freshmen said that getting a better job was a “very important” reason for attending college, up from a 1976 low of 68 percent.³³ But these expectations are not being realized. According to Strada Education Network and Gallup, as of 2017, only about a third of college students strongly agreed that they'd graduate with

the skills and knowledge needed for jobs and workplace success.³⁴ Just half strongly agreed that their major would lead to a good job.³⁵ Many people would change at least one postsecondary decision they made: 36 percent would change their major,³⁶ 28 percent their institution, and 12 percent their degree. Only 26 percent strongly agreed that their education was relevant to their career and day-to-day life.³⁷

Moreover, public opinion does not support the overriding societal narrative that a four-year degree is the surefire path to obtaining meaningful and rewarding employment. In fact, Americans with a degree are not much more likely to report that they get “a great deal” of meaning from their job or career: 31 percent of those with bachelor’s degrees say they do, versus 27 percent of those with high school diplomas or less.³⁸ More than half of Americans believe higher education is headed in the wrong direction, while only 20 percent believe it’s headed in the right direction.³⁹ What’s more, 67 percent of Americans believe postsecondary institutions put their own institutional interests first, compared to a slim minority of those who believe they put students (9 percent) or the greater good (4 percent) first. Meanwhile, 96 percent of chief academic officers believe that their institutions are very or somewhat effective at preparing students for the workforce. Clearly, the American consumers of education do not agree.

Skills-Based Hiring

The four-year college degree has undoubtedly been useful as a signaling device or proxy measure—a ready-made and universally recognized credential that reassures employers of baseline content knowledge and work readiness and that symbolizes competence, achievement, and a pathway to employment. Burning Glass Technologies CEO Matt Sigelman describes it as a proxy for both employees and employers that—rightly or wrongly—indicates the holder has successfully completed “a major exercise in deferred gratification.”⁴⁰ But this usefulness notwithstanding, the inefficiencies and inequalities of the college degree hiring bias are becoming increasingly plain to see. It fuels prejudice against those who don’t have a

degree, produces degree inflation, and creates hiring inefficiencies.

Encouragingly, employers are beginning to embrace skills-based hiring. This approach evaluates a person’s capabilities and competencies, matching them to those needed for a job. It opens new and various pathways to jobs and a lifelong opportunity for potential workers, leveling the playing field and making talent pools more diverse and inclusive. Skills-based hiring considers both technical and digital skills and more general skills such as communications, collaboration, and problem-solving. It also represents a pragmatic solution to two stubborn labor market facts that won’t disappear any time soon. First, nearly two-thirds (65 percent) of the US labor force doesn’t have a college degree.⁴¹ Second, there are many good middle-skills jobs for those with a high school education who don’t have a college degree.⁴²

Current labor shortages are hastening skills-based hiring. But many employers were beginning to adopt this approach even before the pandemic—including such economic giants as Apple, Bank of America, EY, Google, International Business Machines, and Penguin Random House.⁴³ Since 2019, the employment-oriented firm LinkedIn has seen a 21 percent increase in US job postings listing skills and responsibilities instead of qualifications and degree requirements and a nearly 40 percent increase in the number of positions that don’t require a degree.⁴⁴ LinkedIn also developed a product called SkillPath that allows companies to define the skills they need for a job and match them to potential employees.⁴⁵ Employees then have free access to curated LinkedIn Learning courses, allowing them to complete assessments, gain additional skills, and earn a phone screen call with the company, often leading to a job. This tool is now being used by more than a dozen employers, including Citrix, Gap, Microsoft, and Wayfair.

Another approach companies use to foster skills-based hiring (and employee development) is the “skills hub.”⁴⁶ This company unit tracks and manages the firm’s skills needs, considering supply and demand, and often creates general learning programs for all employees or focused ones for particular roles. A skills hub is tasked with assessing job

Career Pathways Partnership Models

In recent decades, these habits of mind and association were assumed to come with a college degree, which functioned as a primary source of both bonding and bridging social capital. That now must change. To advance the shift toward skills-based hiring, K–12 career pathways programs seek to help young people acquire these habits of mind and association by other means. What follows are three categories (with examples) of programs—statewide, public-private, and university—that illustrate a variety of partnerships involved in the diverse programs that are enlarging the nation’s opportunity infrastructure.

Statewide Partnerships

These statewide programs are established by legislation or regulatory action, often proposed by a state’s governor.

Delaware Pathways. This partnership was initiated in 2014 by Democrat Gov. Jack Markell for youth in grades seven to 14. It offers programs aligned with regional economic needs,⁴⁷ includes a yearlong senior year internship, and engages K–12 educators, businesses, postsecondary educational institutions, philanthropies, and community organizations. Students can take related courses at higher education institutions for credit applied to associate degrees or certificates.

Tennessee’s Drive to 55 Alliance. This partnership was initiated in 2015 by Republican Gov. Bill Haslam. It is a private sector and nonprofit partnership with five programs, three of which are focused on K–12 pathways.⁴⁸ K–12 programs include last-dollar support for high school graduates attending community or technical colleges, high school mentorship programs, and the awarding of state pathways certification to programs aligning high school, postsecondary, and regional employment opportunities.

Public-Private Partnerships

These local or regional programs involve formal alliances between public entities, such as a school district and local government; other community stakeholders; and private employers.

3-D Education (3DE). This partnership was created by the Atlanta, Georgia, business community; Fulton County Schools; and Junior Achievement.⁴⁹ Examples of the workforce pathways they offer students include business and technology, entrepreneurship, marketing and management, and financial services. Support for 3DE operational costs comes from local philanthropies, with all school-related program costs paid for by the school district’s per-pupil allocations.

New Orleans YouthForce NOLA. This partnership connects people in education, business, and the civic community with open enrollment charter high schools to offer students career exposure and work experiences, soft-skills training, coaching, and paid internships.⁵⁰ It also has a family engagement program educating parents about the career pathways program. Financial support comes mostly from philanthropies, though local government pays for intern stipends.

Cristo Rey Network. This is a national network of 37 Catholic high schools in 23 states that integrates four years of academics with work experience through its corporate work-study program,⁵¹ a separate nonprofit that places students in an entry-level professional job at one of 3,400 corporate partners for five days a month. Forty percent of students are non-Catholic, and 98 percent are students of color. Students earn 60 percent of tuition through employment, with the balance coming from fundraising and a small family contribution.

Career Pathways Partnership Models (*continued*)

University Partnerships

These programs have a formal connection to postsecondary institutions, often leading to an associate or bachelor's degree.

Wiseburn Unified School District.⁵² Wiseburn Unified School District in Los Angeles County, California, and its partner Da Vinci Schools⁵³ have over 100 business and nonprofit partners offering students internships, mentorships, workshops, boot camps, and consultancies. Students can also pursue associate or bachelor's degree programs through University of California, Los Angeles, Extension and El Camino College or College for America. The K–12 program is supported by public dollars from per-pupil allotments and other state and local program support. Postsecondary Pell Grants support tuition and other allowable expenses.⁵⁴

CodePath. This partnership is a national nonprofit serving college students from underserved populations, preparing them for technical careers.⁵⁵ With over 50 university and 50 corporate partners, it offers no-cost coding courses, mentorships, and career support, supplementing courses with campus-based and online computer science courses taught by tech company instructors. Students do projects based on industry problems. Training ends with a virtual summer course taught by professional engineers, preparing students for interviews with top companies.

Come to Believe Network. This is a two-year commuter community college for K–12 graduates with full-time faculty and a year-round calendar.⁵⁶ It is housed by a four-year institution that provides facilities, back-office services, a library, and other academic and career support. Students receive meals, laptops, tutoring, and work experience that leads to employment. The program awards associate degrees, and students completing the program have little or no financial debt.

applicants, forecasting needs, managing training, and tracking the successes or setbacks of its work.

A Different Opportunity Framework for Skills-Based Hiring and Pathway Programs

As the shortcomings of degree-based hiring have initiated a nascent shift to skills-based hiring, K–12 education must be recalibrated to prepare young people for economic opportunity in this changing labor environment. The K–12 career pathways approach is a promising example of just such a recalibration. This approach replaces the credentialist prejudice with a broader understanding of opportunity, without abandoning the college degree option. It creates more specialized pathways and credentials linked to labor market demands. A career pathways approach allows the nation's oppor-

tunity structure to become more pluralistic, offering multiple recognized, credentialed pathways to success. K–12 education has an important contribution to make to the great American jobs reshuffle, particularly in preparing young people to think beyond the ossified college credentialing model when considering pathways to jobs.

K–12 career pathways programs take different forms, but the essential elements of this opportunity framework are what students know—knowledge—and whom they know—relationships. This framework recognizes that the cultivation of habits of mind and habits of association are building blocks to individual opportunity. Habits of mind include the knowledge we acquire, enabling us to understand what we need to know to live, work, and compete in today's world. They help us set goals, develop ways to achieve those goals, and then act to achieve them. Habits of association involve the accumulation of two kinds of social capital: “bonding” and “bridging” (or “leveraged”)

social capital. Bonding social capital occurs within a group, reflecting the need to be with others, obtaining emotional support and companionship. Bridging social capital occurs between social groups, reflecting the need to connect with individuals different than ourselves, expanding our social circles across features such as race, class, and religion. Bonding and bridging social capital are complimentary. As Xavier de Souza Briggs says, binding social capital is for “getting by,” and bridging social capital is for “getting ahead.”⁵⁷

This opportunity framework differs sharply from the high school vocational education approach of old, which placed students into tracks with defined occupational destinations. That sorting process carried with it racial, ethnic, and social class biases: Immigrant students, low-income students, and students of color typically were enrolled in low-level academic and vocational training, while middle- and upper-class White students enrolled in academic, college-preparatory classes.

The goal of this K–12 career pathways framework is to ensure that every American—especially those in K–12 schools—regardless of background or current condition, has multiple pathways to acquiring the knowledge and networks needed for jobs and careers, preparing them to access opportunity and a flourishing life. In short: Knowledge plus networks equals opportunity.

Such an opportunity framework can help K–12 schools foster knowledge and networks via activities such as student-employer apprenticeships and internships, career and technical education, dual enrollment in high school and postsecondary institutions, job placement and training, career academies, boot camps for acquiring discreet knowledge and skills, and student staffing and placement services. They create new ways that K–12 education and partner organizations develop an individual’s talents to his or her full potential, increasing that person’s ability to pursue opportunity over a lifetime.

An Opportunity Program Success Infrastructure

Pathways programs have five features in common that should guide program design as educators and

policymakers create a new pathways infrastructure. The following five features can work together to create successful programs for students entering a skills-based hiring world.

1. Academic and Technical Skills and Credentials. Programs teach academic and technical skills aligned with labor market needs, ensuring that graduates meet employer demands. There’s a timeline for program completion, and at completion, participants receive a recognized credential tied to a good job.

2. Work and Careers. Exposure to and exploration of work and careers begin early with guest speakers and field trips. High school includes career experience via work placement and mentorships, integrated into classroom instruction. Exposure, exploration, and experience connect students with adults, especially students in high-poverty communities.

3. Advising. An effective advising system prevents forced tracking into jobs based on race, ethnicity, gender, or social class. This ensures that students make informed choices, that barriers such as financial assistance are addressed, and that data are used to keep students progressing through the program. With good advising, students become confident and knowledgeable enough to make their own choices about the correct pathway.

4. Authentic Partnerships. Employers, industry groups, and other institutions collaborate for programs to succeed. Written agreements define who is responsible for what and formalize a management and governance structure—a civic partnership—between partners.

5. Supporting Policies. Local, state, and federal policies create frameworks and funding streams for program development. For example, a policy creating incentives for K–12 and postsecondary institutions and labor and workforce groups to integrate their separate funding encourages stable financial support.

Opportunity Pluralism

Ultimately, pathways programs foster opportunity pluralism by increasing the opportunities open to all, throughout their life, by offering individuals multiple education, training, and credentialing pathways to work and a career.⁵⁸ They do not struggle to equalize opportunity on a single pathway (as in “college for all” initiatives). Instead, opportunity is broadened and deepened. This makes the nation’s opportunity infrastructure more pluralistic, valuing both educational and employment outcomes. This institutional opportunity structure includes at least four education and training sectors—K–12, postsecondary, workforce training, and employers. Each plays a significant role in developing diverse pathways that connect individuals, schools, and other education and training institutions with employers and work. Importantly, an opportunity program is not about discouraging individuals from pursuing a college degree. Rather, it positions a variety of options as valued credentials—recognizing the ways that knowledge, networks, skills, and experience lead to good jobs and a fulfilled life.

Rethinking the connection between K–12, careers, and degrees has a broad coalition of bipartisan support from the American public, including among parents and young people. A Strada Education Network and Gallup survey shows seven in 10 Americans believe employers should hire job candidates who have the required skills and experience, even without a college degree.⁵⁹ Fewer than half say employers in their field do so.

A Carnegie Corporation and Gallup nationally representative survey of nearly 3,000 parents of 11- to 24-year-olds found almost half (46 percent) want more post-high school pathways programs, other than the college degree pathway.⁶⁰ As parents learn more about pathways programs, they’re more favorably disposed.

A Foundation for Independent Living nationally representative survey of COVID-19-shocked public and private school parents showed that two in three would call for rethinking “how we educate students, coming up with new ways to teach.”⁶¹ Eighty-two percent favor “work-based learning programs or apprenticeships,” and 80 percent support “more vocational classes in high schools.”

Finally, more than half (52 percent) of Generation Z high schoolers now say they can achieve professional success in three years or less. One in four say a four-year degree is the only route to a good job.⁶²

This same principle—that a wider array of options is better for individuals and society—supports the idea of colleges separating, or unbundling, the four-year degree into multiple certificates or credentials. These building blocks, or stackable credentials, would be acquired while working and learning through a career progression toward the typical associate or bachelor’s degrees. Some propose individual “career opportunity accounts” as a way to pay for this approach.⁶³ This would combine federal and state dollars and potentially include individual contributions such as individual retirement accounts.

Conclusion

COVID-19 shock is a form of creative destruction that isn’t simply hastening an American jobs reshuffle or the “Great Resignation.” It’s also advancing skills-based hiring and pathways programs, two related and promising approaches to identifying prepared and competent job applicants that displace the four-year college degree as the gatekeeper for job entry. Both approaches open the door to replacing the single opportunity “bachelor’s degree or bust” pathway with opportunity pluralism. While not abandoning the degree pathway, the new opportunity framework creates more specialized skills-based pathways and credentials linked with employers and labor market demand, creating workers hired for specific skills and competencies—or STARS.⁶⁴

The benefits of these approaches reach far beyond economic preparedness. They help individuals acquire knowledge, networks, skills, and experience that lead to an occupational identity⁶⁵ and vocational self.⁶⁶ Choosing an occupation and developing a broader vocational sense of one’s values, abilities, and personality is important for adult success. These approaches also foster local civic engagement from employers and other community partners. And they provide faster and cheaper⁶⁷ pathways to jobs and careers than traditional post-secondary education provides. In short, they place

individuals on a trajectory to economic and social well-being, informed citizenship, and civic responsibility, laying a foundation for adult success and a lifetime of opportunity.

This opportunity agenda creates an expanded coalition of policymakers, advocates, and diverse stakeholders who believe increasing opportunity for individuals includes developing their knowledge and networks. It's a basis for a renewed civic involvement and vocabulary about how school and other new education and training institutions and partnerships must be at the center of community effort to prepare individuals for adult opportunity. This

broad-based civic engagement supports collective action for the common good. This new opportunity framework should be embraced and advanced—for the good of the individuals who benefit from these programs and for the good of society, which can make better use of talents that might otherwise be overlooked. Finally, the agenda creates a human capital development narrative focused on individual agency, an account that chronicles how individuals acquire and extend their knowledge and networks—or social capital—to help them succeed and flourish.

About the Author

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Notes

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