



## **Stimulus for American Opportunity** **April 2020**

### **Discussion Draft: Ideas for Rapid Acceleration of On-Line Learning**

*This paper is intended to begin a broad discussion on what the Federal Government can do to help workers prepare for the rapidly changing labor market. It does not represent positions taken by the Markle Foundation or others. All comments are welcome.*

#### **The Challenge**

Social distancing due to Covid-19 has transformed our economy and society virtually overnight. Millions have lost their jobs or seen their earnings decline significantly—particularly those who were already working low-wage jobs and people from traditionally underserved communities. This acute crisis is exacerbating a decades long trend fueled by automation and digitization that concentrates opportunity in the hands of the skilled workers and leaves behind workers who do not have the skills to compete or are not recognized for the skills they have built through non-traditional pathways.

Between 1979 and 2018, wages for the median worker barely increased, with a growth rate of 6 percent, while wages increased by 38 percent for those in the top 10 percent of the income distribution.<sup>1</sup> There are many reasons for this divergence, including the acceleration of global trade and the decline in the share of workers represented by unions.<sup>2</sup> Yet a driving factor is the rising value our labor market places on education. Differences in education account for the majority of the growth in wage inequality over this time.<sup>3</sup>

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<sup>1</sup> Wage growth was picking up before the current downturn and averages mask some differences even across the 1979 to 2018 period. These trends are heavily driven by declining wages for middle and lower-income men, whereas women have seen more wage growth. (Congressional Research Service 2019)

<sup>2</sup> For adults without a bachelor's degree, a \$1,000 increase in import exposure is associated with 1.11 percentage point decline in employment—i.e. a 250 percent greater proportional effect than for workers with college degrees (Autor, Dorn, and Hanson 2013). In 2019, union membership was at 10.3 percent, down from 20.1 percent in 1983 (the first year with equivalent statistics) (Bureau of Labor Statistics 2019). From the mid-1970s to the 1990s, researchers estimate that 10 to 20 percent of the increase in income inequality among men can be explained by declining union representation, particularly for the less-educated workers (Card 1998; Freeman 1991). There are several factors driving income growth among top earners, including “skills-biased technological change” that increases demand for high skill jobs, pay compensation structures in select “super star industries” and large firms that have achieved economies of scale, social norms, and licensing requirements that reduce competition (Congressional Research Service 2016). The concentration of income for the top 1% is particularly driven by the rise in top executive compensation in large U.S. corporations and the dramatic reduction tax rates for the highest earners (Piketty and Saez 2014).

<sup>3</sup> In the last two decades, the education wage premium accounts for 48 percent of the 90-10 wage differential as compared to 65 percent between 1980 and 2000 (Autor et al. 2020). Other contributing factors to the wage inequality include the decline in the real value of minimum wage, decline in non-college employment opportunities, international competition, deunionization, and reductions in top federal marginal tax rates (Autor 2014).

In the Great Recession of 2008, the hardest hit workers were those without additional education, while the jobs created in the recovery overwhelmingly went to those with a bachelor's degree. The early weeks of this economic crisis indicate similar forces are at work, with the most acute impacts felt in low wage jobs and sectors.<sup>4</sup>

**Federal economic policy so far has rightfully prioritized the short-term goal of stabilizing incomes for vulnerable Americans. Yet to prevent rising inequality, it must go further to build a new system of adult learning that enables every adult to access opportunities to pursue education and skill building they need to thrive in an uncertain future.**

While social distancing remains in effect, neither short-term training nor traditional job creation strategies will be sufficient to get people back to work. Yet during this time of suffering and uncertainty, there is an opportunity to make an investment in our long-term economic future by creating an opportunity for everyone to pursue the new, good-paying jobs that are created. During recessions, the demand for education and training services tends to increase, especially among those who are unemployed.<sup>5</sup> While people who are economically secure seek out additional education and skills to increase their competitiveness, those without sufficient resources or support to pursue these opportunities risk falling even further behind. Without an intentional plan to make learning available to all impacted people—particularly those without a bachelor's degree—this crisis will dramatically accelerate the forces of inequality.

Yet, unlike previous recessions, social distancing requirements are quickly making digital learning the primary source of education and skill building as schools, colleges, and employers move their operations online. This creates an opportunity to quickly build on advances in delivering virtual and online education and increase the capacity of this system to deliver effective education and training at scale.

This crisis will make dramatic changes in the skills employers will be hiring for. This new learning system should focus on understanding these skill needs and preparing people to fill jobs quickly as they become available, while also creating effective pathways towards longer term education and skill development for those who are not currently able to compete.

[Policymakers should consider bold steps](#) to empower all adults by expanding access to digital learning and providing the support for each adult to choose a learning pathway that is right for them. The discussion paper below lays out ideas to:

- Expand access to funding for education and training to economically vulnerable adults.
- Promote effective education and training programs that improve economic mobility
- Encourage the creation of new online and virtually delivered programs that get results for adult learners.
- Study the transition of traditional programs to online programs
- Expand career coaching and equip career coaches with the skills, tools and data to support workers
- Support the creation of a worker-owned skills portfolio that captures a more complete picture of what a worker can do

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<sup>4</sup> The US Private Sector Job Quality Index estimate that more than 35 million low-wage and low-hour jobs are at risk (Job Quality Index 2020). Immediate-risk industries include retail, passenger transportation, arts and entertainment, accommodation, restaurants and bars, and a variety of other personal services (Brookings 2020)

<sup>5</sup> For example, postsecondary enrollment increased dramatically during the Great Recession with enrollment levels 33 percent higher in 2011 as compared to prerecession levels in 2006 (U.S. Census Bureau 2018). Between 2007 and 2009, college enrollment increased by over 25% among the unemployed (Barr and Turner 2015).

- Make a national investment in labor market data and technology to understand a rapidly changing labor market

## **The Opportunity**

### **1. Expand access to effective digital learning to all adults**

Many people who have suffered job loss or drastically reduced hours don't have extra income to pay for education and training, limiting their access to both effective short-term skill building programs and longer-term degree programs that could help them be competitive for good jobs when they become available. In past recessions, only a small fraction of people was able to get assistance in paying for education and training. In 2009 and 2010, only 270,000 people received training under the workforce investment act despite more than 15 million people being unemployed.<sup>6</sup> Today, there is a significant need to make effective, virtually delivered career-oriented learning opportunities available to those who need it. Yet people who receive Unemployment Insurance are required to pursue training programs on eligible provider lists, which do not include enough online education programs. This makes it difficult for these programs to meet the scale of the demand that is rapidly emerging. To address this challenge federal policy makers and states can explore ideas to:

- *Expand access to funding for education and training to economically vulnerable adults.* To make the opportunity of digital learning available to all, the Federal Government should commit to making effective, affordable, and accessible learning and skill building available for everybody who needs it throughout the course of their lives. To start, this funding could be made available to those who have already been impacted by the current crisis through job loss or reduced hours. A recent Strada/Gallop poll indicated that this is over 60 percent of Americans. Immediate funding should be made easy for people to access, starting with those most impacted by the crisis. For example, people could qualify by virtue of being on unemployment insurance, the new pandemic unemployment assistance program, or on furlough or reduced hours from their employers. In the long-term, policymakers should consider extending eligibility to a broader set of people including all adults without a bachelor's degree, all of whom are at a disadvantage in the current economy.

Workers should be able to use these funds at programs of any length—from short term programs to bachelor's degrees—but only effective programs that can help participants improve their job and career prospects. Policymakers should consider ways to make the amount that a person receives directly related to the program effectiveness, cost, and the individual's ability to pay. Policy should also explore how to provide funding generous enough to allow people to pursue programs that offer the services that evidence shows increases their chances of completion and success, such as navigation support to help people identify social services and coaching to help them persist in the program.

- *Promote effective education and training programs that improve economic mobility.* In a period of limited resources and economic uncertainty, it is critical that workers use their time and resources to pursue programs that put them in a meaningfully better position to succeed in the changing economy. Traditional ways of assessing program value such as the length of the

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<sup>6</sup> For example, from July 1, 2009 to June 30, 2010, only a reported 268,485 people received training services through the Workforce Investment Act, despite more than 1.73 million people participating in WIA during that program year (U.S. Department of Labor 2015). The number of people unemployed during this same time period averaged more than 15 million people at an unemployment rate of 9.8 percent (U.S. Bureau of Labor Statistics).

program or the modality of the instruction are not feasible in the current crisis and stifle the potential for innovative educators to pioneer new approaches to affordable, accessible, and effective career-oriented learning. Instead, the Federal Government should consider assessing programs by the outcomes adults are prioritizing when they make the decision to build additional skills—namely, their ability to get into a new career path and increase their income or job quality. Advances in data quality and collection that allow faster and more effective evaluation of programs make this more feasible than in the past. It is especially important to connect any new funding to transparency around current results and willingness to track outcomes. Financing models that share the risk between the individual, government, and training provider can also help to bridge the time period for which data are not available on new programs.

The Federal Government could also take steps to help people use current funding sources like Pell as effectively as possible. Increasing transparency should be the first step. Using currently available data from the Departments of Education, Labor, and the Census Bureau, the Federal Government could create a list of online programs with good results based on the employment rates of all students who enroll in the program and the earnings of students after completing programs. Sharing this information, while taking all necessary steps to protect individuals' privacy, could be viewed as a minimum requirement for providers. Training provider scorecards that make critical data about the employment and wage outcomes of a diverse range of programs available to prospective students should be made readily available to people who are unemployed, as was authorized under the Workforce Innovation and Opportunity Act. Additionally, policymakers should explore limiting eligibility for Workforce Innovation Opportunity Act dollars to programs that either clear minimum thresholds with existing data, or for those that are new, are willing to collect it to better meet future performance benchmarks.

- *Encourage the creation of new online and virtually delivered programs that get results for adult learners.* While there are pockets of useful online education today, the current system does not have the capacity to provide flexible, affordable and effective online education to all those who will need it. There are particular shortages of career-oriented programs—both short and longer term—designed to prepare participants for specific occupations, as well as on-ramp programs that teach foundational skills or digital literacy skills that are a precursor to those career-oriented programs.

The Federal Government could offer grants to enable providers to create or scale innovative programs geared towards addressing the unmet needs of adult workers seeking to access new job opportunities. Larger “scaling” grants to expand existing programs could go to providers who can use existing data to demonstrate a track record of delivering online learning to working adults that improve their wages and career prospects. To encourage new program creation, “innovation” grants could also be made available to start programs that fill critical gaps. These grants could be made available to any program with experience delivering online content, in-person programs effectively serving adult learners, or new providers. Both types of grants could be used for curriculum design and modification, or to facilitate partnerships with local employers. Employers should play an active part in helping to create these programs so that they are aligned with employers evolving needs.

- *Study the transition of traditional programs to online programs.* The current transition of both traditional and non-traditional education providers to online learning presents an opportunity to conduct live experiments to better evaluate what works to create, deliver, and engage in digital learning for a diverse population of adults. Policymakers can act swiftly to put in the necessary infrastructure to capture this data to better learn how policy can improve digital learning,

particularly to address equity gaps in student success and improve economic security for communities of color.

## **2. Enable workers to make informed decisions to choose a learning pathway that is right for them**

In past recessions, many people used limited time and resources on predatory or ineffective programs that did not improve their employment outcomes, which sparked a focus on gainful employment outcomes of providers. With the varied outcomes of online providers exposing workers to additional risk, adults impacted by the current crisis will be asked to make high-stakes decisions about whether and where to pursue new skill building opportunities. To do so most effectively, they'll need to understand what skills will be necessary to succeed in good jobs when they become available, what skills they already have, which programs help bridge any gaps they might have, and each program's track record of preparing participants for success. To address this challenge, policy makers can explore the following ideas to empower individuals to make informed decision-making:

- *Expand career coaching and equip career coaches with the skills, tools and data to support workers.* While research shows that well-trained career coaches and mentors can help people understand their options, make informed decisions and improve long-term outcomes, most current coaches lack access to the training and tools they need to provide effective support. The Federal Government could increase investments in reemployment assistance programs offered at American Job Centers and provide additional support to fund more career coaching in community colleges, community-based organizations, and other trusted institutions. All coaches—regardless of which program they are employed by—should be provided rigorous professional development to help them effectively serve their clients—including understanding a client's needs, goals, and current skills, awareness of local labor market data and the needs of local employers, assessing education and training options, and navigating available support services.
- *Support the creation of a worker-owned skills portfolios that captures a more complete picture of what a worker can do.* To expand opportunity for people to move more seamlessly between education and work and between sectors as the economy changes, workers need to be recognized for the skills they've built, no matter where they were acquired. To make a personal skills portfolio possible, the Federal Government can build on current efforts to accelerate the creation of interoperable systems that creates a common understanding of what skills people have built on the job, in education and training programs, or on their own. To lay the groundwork, the Federal Government could invest in the necessary architecture and create standards that promote the safe and secure interoperability of different data systems across the public and private sectors. Then, it can work with private partners to create innovative tools and interfaces that make these data user-friendly and accessible to help workers.
- *Make a national investment in labor market data and technology to understand a rapidly changing labor market.* Even in normal times, state agencies struggle to access and analyze the data they need to produce good information on which jobs are growing and the skills required for these new jobs. The result is that states end up having to purchase data and tools from a small set of real-time labor market providers. Instead of asking states to purchase duplicative and expensive labor market data and tools, the Federal Government can work with private and state partners to make the necessary infrastructure investments to make data available to all communities, so that people can understand the skills required for jobs near them, how the skills they have can be applied in new industries, and which learning pathways are available to help them acquire any skills they might need to build to be competitive.

### **3. Longer-term actions needed to create a system of adult learning**

In addition to the policy work outlined above that is needed to provide a rapid response in the near-term, as the economy recovers, an effective and resilient system of adult learning will need to be tightly linked to evolving needs of employers. This system would enable employers to understand and value the skills workers have already built—regardless of where they are acquired. It would also increase employers' role in helping workers build new skills that are aligned with their needs to remain or become competitive. In the short term, this could include providing employers with financial support to pay workers who have been furloughed, or have seen their hours reduced, to participate in training that would help them succeed when business reopens. Over time, government should consider the following broader steps to encourage employers to become more active participants in training of current and future workers:

- Sustained investments in partnerships between educators and employers to create and continuously update training programs
- Sustained funding for people to access employer-created training content
- Support for employers in paying for paid training time for their workers
- Ways to help employers access coaching for their workforce so that they can receive help on career advancement