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U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON LABOR, HEALTH AND
HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES
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Chairman Cole, Vice-Chair Womack, Ranking Member DeLauro, and Members of the Subcommittee:

Thank you for the opportunity to appear before you this morning. I am Zoë Baird, CEO and President of the Markle Foundation.

It is an honor to speak with you today about the importance of making sure Americans are equipped with the skills and training to succeed in today's rapidly changing digital economy.

AMERICA'S CHANGING PATHS TO OPPORTUNITY

Our nation's workforce faces a critical challenge. Not since America moved from farms to factories a century ago have we seen economic change as profound as what we are living through today. The transition to the digital economy has brought tremendous opportunity for some, but it also has shattered career paths and traditional jobs and has left many Americans deeply concerned about their future.

This is what I want to talk about today: America's *changing paths to opportunity*, and the broad, systemic shifts we have to make in the way we connect people with training and work to enable all Americans to thrive.

I grew up near Seattle where my father was a labor union official. I remember, as a little girl, going with him to the union hall and seeing the men come in for retraining when they were in between jobs. At that time, if you think back to your parents' experience, union halls retrained people and so did employers. Workers expected to be with companies like GE and GM for their whole careers, and to be retrained as the work changed.

But things are different today. People feel like they're on their own with no support. One of the most interesting findings from a national Pew Research Center survey done in association with the Markle Foundation was that 72 percent of Americans believe they themselves have the most responsibility for job readiness. We must do more to provide them with opportunity. How do we help enable people to find their place in this digital economy where automation, artificial intelligence, and other technological developments are transforming jobs at an incredibly rapid pace?

Particularly vulnerable to the dynamics of the new economy are the almost 70 percent of American adults who do not have a four-year college degree. The Georgetown Center on Education and the Workforce found that if your highest level of educational attainment is a high school diploma, there are 7.3 million *fewer* jobs for you today than there were in 1989.¹

¹ Georgetown Center for Education and the Workforce, "America's Divided Recovery: College Haves and Have Nots." 2016. <https://cew.georgetown.edu/wp-content/uploads/Americas-Divided-Recovery-web.pdf>

At the same time though, there are 5.6 million jobs across America going unfilled. Many of these jobs increasingly require new skills, and these skills are changing rapidly. We know there are great jobs out there in this digital economy: computer systems analysts, network administrators, machinists, and health technicians.

The National Skills Coalition reports that middle-skill jobs, which are jobs that require more than a high school diploma but not a four-year college degree, account today for 54 percent of American jobs and those jobs are growing.

A 2015 report from Burning Glass found that middle-skill jobs that require digital competencies are growing 2.5 times more rapidly than middle-skill jobs that do not.² Good paying jobs in the areas of health care, information technology, and advanced manufacturing can offer a favorable career path for Americans who lack a bachelor's degree. The White House released a report in April 2016 stating that we will need to fill 3.5 million manufacturing jobs over the next decade, 2 million of which may remain unfilled due to a skills gap.³

We must do more to equip people with the skills to do these jobs. Most Americans are ready: 87 percent of working Americans in our Pew poll said that they believe that it is essential or important for them to get new skills over the course of a lifetime in order to compete in today's

² Burning Glass, "Crunched by the Numbers: The Digital Skills Gap in the Workforce." March 2015. http://burning-glass.com/wp-content/uploads/2015/06/Digital_Skills_Gap.pdf

³ Subcommittee for Advanced Manufacturing of the National Science and Technology Council, "Advanced Manufacturing: A Snapshot of Priority Technology Areas Across the Federal Government." April 2016. <https://www.whitehouse.gov/sites/whitehouse.gov/files/images/Blog/NSTC%20SAM%20technology%20areas%20snapshot.pdf>

jobs. And 45 percent said that in the past year they've already taken a class or enrolled in training to learn, maintain, or improve their work skills.⁴

GETTING EVERYONE WITH A SMART PHONE A SMART CAREER

A few years ago, Markle realized the need to create opportunity for all Americans in the digital economy, and convened Rework America, a broad collaboration of more than 50 diverse national leaders committed to thinking about new ways to help Americans have access to opportunities.

Collectively, we authored the book *America's Moment: Creating Opportunity in the Connected Age*, which provides a roadmap to move the country forward in the digital economy. It makes a straightforward argument: Yesterday's strategies do not work in today's economy.

To enable all Americans to succeed, we need to transition to a skills-based labor market—one that does not put up the barrier of a four-year college degree, thereby preventing most people from applying for in-demand jobs. At a time when 46 percent of U.S. businesses are reporting difficulty filling jobs, a renewed focus on the skills needed to do the jobs is critical to business growth, and the job growth that can come with it. **Everyone who has a smartphone ought to be able to have a smart career.**

We need new mechanisms for employers to better identify the skills they need to grow. We need ways for Americans to understand what skills are in demand today and how they can learn and

⁴ The Pew Research Center in association with the Markle Foundation, October 2016, "The State of American Jobs." <https://www.markle.org/sites/default/files/State-of-American-Jobs.pdf>

demonstrate those skills to employers. Job listings still rely on outdated educational requirements. In-demand, high-growth jobs either require—or are perceived to require—college degrees. This shift by employers has been dramatic for some of the occupations historically dominated by workers without a college degree. The credential gap can amount to 25 percentage points or more for middle-skill jobs in some occupational families, like office, administrative, business, and financial operations. For example, 65 percent of postings for executive secretaries and executive assistants now call for a bachelor’s degree. Yet, only 19 percent of those currently employed in these roles have a B.A.⁵ By focusing on degrees rather than the skills needed, we close off opportunities that should be accessible to middle-skill job seekers.

SKILLFUL

To begin to achieve a skills-based labor market that works for everyone, Markle created Skillful in collaboration with LinkedIn, the state of Colorado, and others. Skillful, which we are starting in Colorado, is a partnership of businesses, state government, non-profits and educators who have come together to forge a new way of creating and accessing opportunity by prioritizing skills and lifelong learning.

Based on a robust set of jobs data, Skillful tackles the entire workforce system for those with a high school degree and some or no college. We help businesses evaluate the skills they need and connect this with educators, counselors and jobseekers. We help jobseekers see what these jobs look like and enable them to imagine themselves in those jobs. Skillful creates an integrated system of all parties so the efforts of one have much greater impact for the efforts of all.

⁵ Burning Glass “Moving the Goalposts: How Demand for a Bachelor’s Degree is Reshaping the Workforce.” September 2014. http://burning-glass.com/wp-content/uploads/Moving_the_Goalposts.pdf

Together, Skillful and our partners work to help communities overcome the most problematic barriers in today's labor market by:

- Identifying available jobs based on the skills needed, so these jobs are seen as accessible to those without a college diploma;
- Connecting job seekers and educational providers who teach these skills;
- Working with LinkedIn to deploy new technology tools such as LinkedIn's Training Finder to provide more transparency around the value of educational and training programs;
- Using data and technology to give educational providers a clearer picture of which skills are in demand in their area, and to give businesses a better sense of which skills are available in their applicant pool; and
- Connecting job seekers with coaches—dedicated professionals such as those who work at workforce centers across the country—who can help job seekers do what it takes to get into high-demand career paths.

Middle-skill jobs take 15 percent longer to fill in Colorado than the national average, and the challenge is even greater for the fastest growing jobs. Since launching Skillful in March 2016, Markle has worked with employers around the state to create meaningful job descriptions that reveal the skills needed for the fastest growing, most in-demand jobs in industries like healthcare, IT and advanced manufacturing by leveraging open source and proprietary labor market data.

Our experience in Colorado showed us that transforming the labor market often has the biggest effect on small- and medium-sized employers who lack the resources of larger companies.

Since small- and medium-sized businesses are responsible for the vast majority of jobs created, it is imperative that we tailor our offerings to meet their needs.

We only have early data on how the program is working, but it is very promising. Over the past nine months, 90 small- and medium-sized employers invested time in informing our skills research and employer toolkit, with 20 employers working in depth with us to make significant changes in the way they hire and train.⁶ Eighty-five percent of our Skillful coaches strongly agree that Skillful has provided them with new tools, trainings, and ways of approaching their work with job seekers. Since the program started, 48 percent of the job seekers we surveyed have enrolled in training or obtained new jobs.⁷

LESSONS LEARNED

Based on our work in Skillful and the work of many others addressing the needs of a transforming labor market, I encourage the Subcommittee to explore actions that can accelerate the creation of a skills-based labor market. We can enable all Americans to get on great career paths with the potential for income growth.

1. **Government leadership is needed.** Workforce Innovation and Opportunity Act-mandated state plans need to focus on helping job seekers obtain the skills they need to meet the demand for skilled labor that will enable businesses to grow.

⁶ Net Promoter Score (e.g., employers' willingness to recommend Skillful workshops and tools to other employers) of 90 for the 18 employers who have attended our skills-based hiring workshops.

⁷ Based on sample of 71 individuals from total of 1,406 individuals who went through Skillful coaching.

2. **Develop targeted professional development for workforce center staff.** Coaches need access to information on the growth jobs in their community, the skills needed to compete for those jobs, technology tools, and quality training. In Colorado, Skillful developed a web resource for coaches to curate and evaluate coaching documents, tools, and procedures and then leverage the best ones available with job seekers. Government investment in technology tools that improve performance and imbed best practices within the coaching community would provide tremendous value to the workforce development system.
3. **Increase collaboration within workforce centers.** Workforce centers are critical to helping scale local programs to large numbers of people and bringing businesses to the table, but their current bifurcated structure limits their effectiveness. Encouraging collaboration between business services and job seeker services will equip coaches with knowledge about local industries and occupations in their community and increase the effectiveness of workforce development programs.
4. **Unlock funds for training.** Unlocking financial aid resources, such as Pell Grants and other government investments, for industry- and state-recognized job training programs tied to career paths (like community college programs, coding boot camps and YouthBuild) would enable more Americans to acquire the skills they need to succeed.
5. **Increase data transparency.** Build transparency into training program outcomes and employment pathways so that Americans are empowered to make choices that lead to

career success and government investments are wisely made. One of the greatest challenges for jobseekers is the lack of transparency around the outcomes of training programs. Confronted with high financial costs and investment of time, and a lack of understanding of how the right training might transform their situation, job seekers are often paralyzed, and forgo valuable upskilling opportunities.

6. **Improve skills data.** Congress should ensure funding for dynamic, granular labor market data such as O*NET so it is easier to identify the skills needed to fill the growth jobs.
7. **Invest in career and technical education.** Strengthen the direct funding for community colleges and career and technical education programs that play a crucial role in training the nation's middle-skill workforce. Promote delivery of high quality, high demand post-secondary certificates and degrees and academic programs that are efficient, cost effective, and supportive of non-traditional students.
8. **Invest in apprenticeships and employer training.** Expand funding for apprenticeship programs between employers and schools, and develop tax incentives for businesses to offer employee training either internally or through community colleges.

CONCLUSION

As we did one hundred years ago when we invented the high school to help Americans transition to the Industrial Age, we need to create the systems today that support their transition to the digital economy. We need all our institutions to support a skills-based labor market that enables

everyone to get the skills they need to fill the growing jobs. Then, and only then, can we unlock the true potential of our nation's best asset: our skilled and talented workforce.

Thank you for allowing me to address this important and timely issue. I look forward to answering any questions you may have.