



TESTIMONY OF ZOË BAIRD
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Steering and Policy Hearing on the State of Working America
May 3, 2017

Leader Pelosi, Representatives DeLauro and Swalwell, and Members of the Caucus:

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 necessary to keep up with the rapid changes taking place in our economy. I recently had the privilege of testifying at a hearing called by the House Committee on Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, and these remarks are drawn from that testimony.

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 left many Americans deeply concerned about their future. Artificial intelligence and automation are transforming the workforce in unprecedented fashion, replacing low-, middle-, and high-skilled workers alike.

Of course these shifts can cause fear and anxiety. But I would urge Congress also to see—and to seize—the tremendous opportunities that these seismic shifts can bring. Instead of worrying solely about robots taking our jobs, we ought to be asking, “What jobs can these robots create?” Put another way—what jobs can Americans perform if they are prepared and empowered to access opportunities in this new, smart economy?

We must create institutions and systems that embrace these changes and develop new paths to opportunity for all Americans. And we need new strategies to address the inequities in today's economy—strategies that are targeted at creating more good digital economy jobs and putting people on career paths with income growth, without the requirement of a four-year college degree. These opportunities should be valued with the same respect a college education demands in today's society.

This is what I want to talk about today: America's *changing paths to opportunity*, and the broad, systemic shifts we have to make to connect people with training and work so they can thrive in this rapidly changing digital economy.

In generations past, our country has stepped up to this challenge. 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, unions

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. Many of our most important institutions are outdated and ill-prepared to adapt to the rapid pace of technological change. One of the most compelling findings from a national survey by the Pew Research Center, in association with the Markle Foundation, was that 72 percent of Americans believe it's up to them to make sure they get the training they need throughout their careers. This is far greater than the percentage to which Americans hold schools, employers, or the government accountable.

Our institutions must do more to provide Americans with opportunity. The most important question we must answer is: 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 are the nearly seven out of ten 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

At the same time though, nearly half of all U.S. businesses are reporting difficulty in filling jobs. There are currently 5.7 million jobs across America going unfilled.² Many of these jobs require skills and competencies that have only come to the fore in the past few years—jobs like computer systems analysts, network administrators, machinists, and health technicians. These opportunity occupations offer paths to prosperity and careers for millions of Americans, without the barrier of a four-year degree. And careers in these occupations 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.³

We must do more to equip people with the skills to do these jobs, and U.S. workers understand this. In fact in our poll with Pew, 87 percent of working Americans said they believe it is essential or important for them to get new skills over the course of a lifetime in order to keep up with changes in the workplace and compete in today's economy. Forty-five percent said in the past year they've already taken a class or enrolled in training to learn, maintain, or improve their work skills.⁴

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>

² Bureau of Labor Statistics, Job Openings and Labor Turnover Summary, April 11, 2017, <https://www.bls.gov/news.release/jolts.nr0.htm>

³ 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

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>

And yet, job seekers and companies respectively are still finding it difficult to land jobs and fill open positions, and that can mean only one thing: The problem is not with American workers or American companies—the problem is with the system itself.

GETTING EVERYONE WITH A SMARTPHONE 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 is centered on the *skills* job seekers have, not the *degrees* they have. These are skills that can be obtained rapidly and affordably.

Today, job listings still rely on outdated educational requirements. In-demand, high-growth jobs either require—or are perceived to require—college degrees. 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

This focus on degrees, rather than skills, is keeping Americans from getting hired, keeping business from growing, and keeping the country from adding new jobs. In a time when technology is giving us more tools, efficiencies, platforms, and connections that make the way we work smarter, we should not be adhering to an antiquated labor market.

The fact is that 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 as the economy continues to change, and how they can learn and demonstrate those skills to employers.

Educational and training programs must look at new ways to meet the needs of job seekers. We cannot continue to rely on twentieth century solutions to twenty-first century problems. In a future where companies may be producing products and getting nearly instant feedback through consumer opinions and behavior, we can't have a skills-training system that requires someone to wait until next September to start a program to get a better job.

Classes that are held 2 to 4 pm on Tuesdays and Thursdays aren't practical for Americans who have to pick their child up from school or work an extra shift at their retail job. We need educational and training programs that meet the needs of everyday Americans.

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

There is no simple answer, but the first step must be viewing technology as an ally in helping us to overcome these challenges.

SKILLFUL

To begin to achieve a skills-based labor market that works for everyone, Markle created Skillful in collaboration with the state of Colorado, LinkedIn, and others. Starting in Colorado, Skillful is creating a new system of identifying the skills needed to create more jobs and grow businesses, and establishing collaboration among businesses, state government, non-profits and educators to enable people to keep up with the transformations automation is bringing to jobs in the digital economy.

We are leveraging data and technology tools to ensure workers can find training and support to prepare them for the growth jobs in their community; supporting employers in implementing skills-based hiring practices that can open up their talent pool; and aligning employers and educators so that training programs teach to the skills that are in demand. Our goal is to help job seekers access a variety of choices to achieve lasting career success; for employers to find the skilled talent they need to grow; and for educators to train people with the skills required to compete in today's economy.

Since launching Skillful in March 2016, Markle has worked with employers throughout Colorado 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 new jobs created, it is imperative that we tailor our offerings to meet their needs.

Early data on how the program is working 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 In that same period, 48 percent of the job seekers we surveyed have enrolled in training or obtained new jobs.⁷

LESSONS LEARNED

Based on our work with Skillful, and the work of many other excellent organizations that are addressing the needs of a transforming labor market, I encourage you to explore actions that can accelerate the creation of a skills-based labor market that puts all Americans on great career paths with the potential for income growth. These actions will not only benefit employers and job-seekers in the economy we face today, but also will help us put in place the resilient systems needed to meet the challenges of future economic shifts. This is an area ready for bi-partisan action, so we can move forward all regions of our country.

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.

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. Creative pilot projects that offer data-driven solutions to the unique challenges of the digital economy should be incentivized. This can include efforts such as targeted professional development for workforce center staff so they better understand the growth jobs in the digital economy and the sources of training, and plans to increase collaboration between those in workforce centers who work with employers and those who work with job seekers, both of which have shown early promise through our work in Colorado.
2. **Unlock funds for training and invest in career and technical education.** Unlocking financial aid resources, such as Pell Grants and other funding for a wider variety of job training programs (like community college certificate programs, coding boot camps, and on-line courses) would enable more Americans to acquire the skills they need to succeed. Investment should focus on promoting delivery of high quality, high demand post-secondary certificates and academic programs that are efficient, cost-effective, and supportive of non-traditional students.
3. **Increase data transparency.** 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, as well as a lack of understanding of how the right training might transform their situation, job seekers are often paralyzed and forgo valuable upskilling opportunities. Experimentation, along with means of making outcomes data available, is needed.
4. **Improve skills data.** Congress should ensure funding for dynamic, granular labor market data such as O*NET so that it is easier to identify the skills needed to fill the growth jobs.
5. **Invest in training as part of any federal employment program such as an infrastructure plan, apprenticeships, and employer training.** Expand funding for training in any jobs program such as an infrastructure plan, and for apprenticeship programs between employers and schools. 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 from an agricultural economy to the Industrial Age, we need to create the systems today that support their transition to the digital economy. Automation and artificial intelligence are upending not only the ways we work but also the relationship between employers and workers. This evolution requires us to refashion the American labor market.

This is larger than any one program or funding mechanism—this is a mindset shift.

Forward-thinking leaders have already taken positive steps to address this transition in some corners of the country and economy. The examples are here, and they are already paying

dividends. It is our task to identify them, scale them, and turn them into something that can benefit all Americans.

We need all of our institutions to support a skills-based labor market that enables everyone to get the skills they need to fill the jobs that are in-demand today as well as the jobs of the future. 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.