

Expanding Public Sector Career Opportunities



December 2022

III CICERO INSTITUTE

Stacey Guber
Visiting Fellow



Introduction

College is more expensive than ever, yet many jobs, especially in the public sector, require a college degree. Government should stop needlessly blocking qualified applicants and make it easier for people to deploy their skills in the labor force. It is inefficient for workers who already have the necessary skills for a job to take on tens of thousands of dollars of student debt and spend years in the classroom just to meet the position's arbitrary requirements. Private employers are already starting to realize this, but state and local governments have a unique opportunity to encourage efficient hiring practices.

This paper proposes a skills-based hiring reform for public jobs. The reform would require state agencies, county governments, and municipal governments to describe the minimum skills, training, or experience necessary to perform well in open positions. It will also encourage them to look past college degrees in cases where prior work experience may substitute as a skills validation technique.

By broadening the pool of workers who are qualified for public jobs, state leaders can expand employment opportunities for workers in their state, increase the number of skilled candidates working in the public sector, and mitigate talent acquisition and labor costs.

The Degree Inflation Problem

According to one scholar, degree inflation simply means “that a degree becomes less valuable when it is more common. Its value as a signal is diminished.”¹

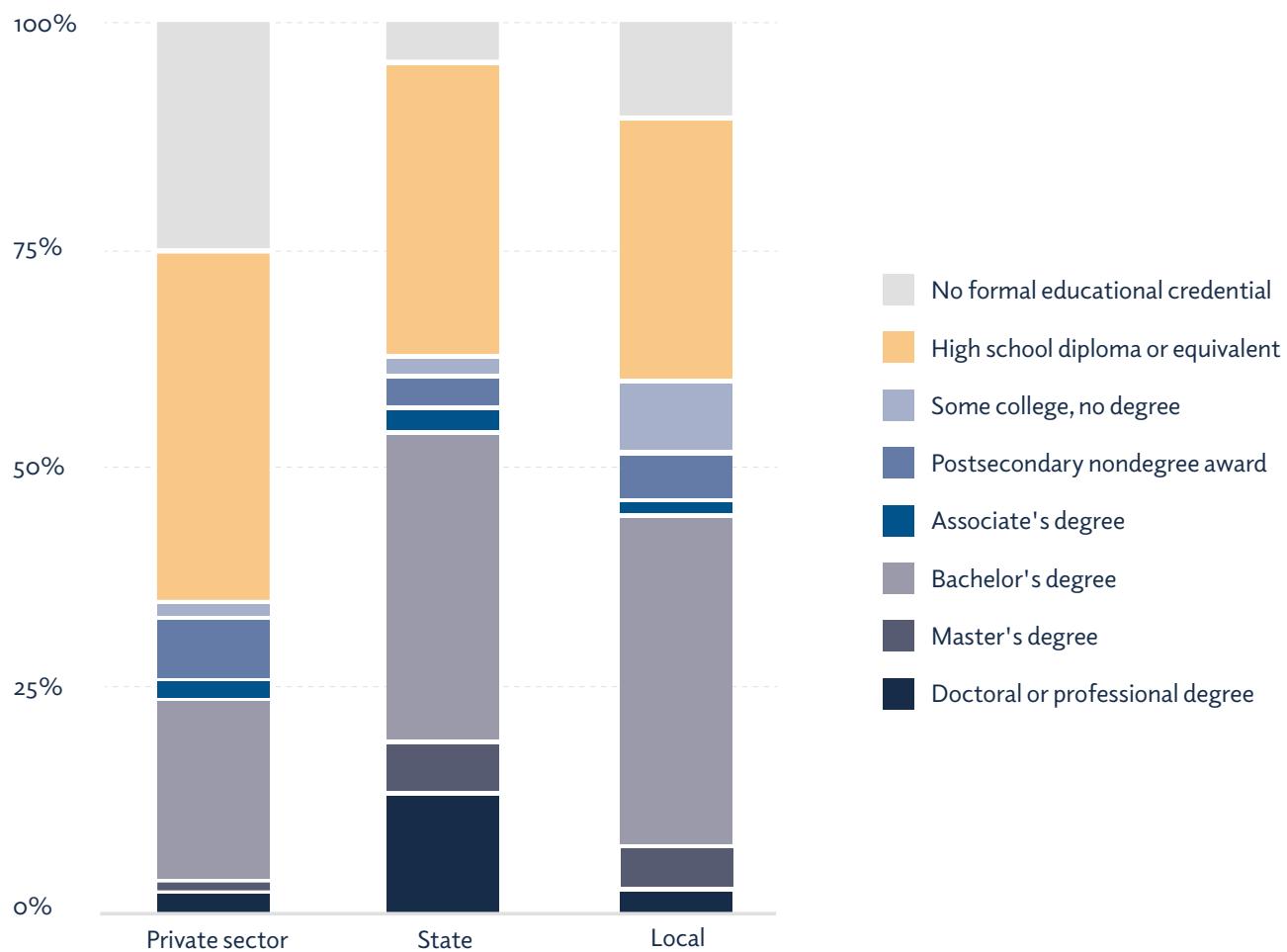
Employers often use a college degree sorting mechanism to help weed out applicants and streamline the hiring process, but college degree requirements often have little, if any, relationship to the requirements to perform a particular job. For example, many managers and supervisors cannot attribute any unique skills or experience that qualify them for the role to their college education. Instead, years of experience working at their company or specialized skills gained at another company in the same industry usually prepares workers for management jobs. In fact, 27 percent of jobs that require a college degree require core skills that are generally not learned in the college degree program of study.²

It is easy for employers to have candidates just check the college degree box, but there is little evidence that the college degree requirement results in better qualified or more productive employees. Thus, qualified candidates who do not hold a bachelor’s degree are unable to pursue employment in these roles, even if they are skilled and have relevant experience. These individuals feel forced to go to college, take on crippling student debt, and push off employment.

Degree inflation is particularly prevalent in public sector employment. The graph below from the Bureau of Labor Statistics shows the percent distribution of employment by typical entry-level educational requirement across both the private and public sectors.³ Almost twice as many jobs require postsecondary education in the public sector than in the private sector.

- 1 Erin Valdez, “‘Degree inflation – like grade inflation – hurts workers as it does employers,” *The Hill*, January 11, 2020, <https://thehill.com/opinion/education/477825-degree-inflation-like-grade-inflation-hurts-workers-as-it-does-employers/>
- 2 Hunter Johnson, “Why Companies Should Remove College Degree Requirements From Job Listings,” *Forbes*, September 30, 2021, <https://www.forbes.com/sites/forbesagencycouncil/2021/09/30/why-companies-should-remove-college-degree-requirements-from-job-listings/?sh=6f2bagffseeg>.
- 3 United States Bureau of Labor Statistics, “State and local government jobs more likely than private sector to require postsecondary education,” *TED: The Economics Daily*, January 3, 2022, <https://www.bls.gov/opub/ted/2022/state-and-local-government-jobs-more-likely-than-private-sector-to-require-postsecondary-education.htm#:~:text=SUBSCRIBE-,State%20and%20local%20government%20jobs%20more%20likely,sector%20to%20require%20postsecondary%20education&text=State%20and%20local%20government%20had,private%20sector%20in%20May%202020.>

Percent distribution of employment by typical entry-level educational requirement in the public sector, state government, and a local government, May 2020



Typical entry-level educational requirement	Private sector	State government	Local government
No formal educational credential	25.3%	4.1%	10.2%
High school diploma or equivalent	39.8	32.5	28.7
Some college, no degree	2.0	1.9	8.1
Postsecondary nondegree award	6.5	3.6	5.3
Associate's degree	2.4	2.6	1.4
Bachelor's degree	20.9	34.1	38.9
Master's degree	1.2	5.9	4.6
Doctoral or professional degree	2.1	15.4	2.7

Degree inflation not only harms employers' bottom line but lessens economic opportunity for the least well-off in our society. It forces those without postsecondary education, but with valuable, in-demand skills and experience to spend unnecessary time and money on a college degree just as a signal to employers.



Shifts in the Private Sector

Employers have begun to recognize the problem of degree inflation and the mismatch between the perceived and actual value of many college degrees in recent years.⁴ In fact, after the pandemic, employers started to reverse the trend of degree inflation by dropping the requirement for a bachelor's degree for many middle-skill and some higher-skill roles. A recent report finds that "when employers drop degrees, they become more specific about skills in job postings."⁵ By shifting towards more skills-based hiring practices, a projected 1.4 million jobs could open up to workers without college degrees over the next five years.⁶

Several large companies have made public moves to switch to more skills-based hiring for certain positions and provide in-house training programs for workers without college degrees. For example, CVS Health's Senior Director of Workforce Initiatives stated that requiring a college degree for management positions "closes a stream of potential candidates that are well qualified or, in some cases, exhibit potential." Once hired, CVS Health invests in training programs for their employees, and the effort has paid off: "CVS Health's retention rate is twice as high for people who go through their training programs as it is for people who arrive at the company through traditional channels."⁷ In addition, Accenture, a technology consulting company, started an apprenticeship program in 2016 and has since hired 960 apprentices without a college degree;⁸ Amazon and Walmart have both launched training programs for current employees without a college degree who want to move into management positions;⁹ and Hasbro, the toy manufacturer, started nine employees without college degrees in their sales and marketing departments, which "not only saved substantial resources, [but] completely revamped [their] approach to the sales and marketing function."¹⁰

4 Michel Grosz, "The Mismatch Between College Training and Worker Demand," *Inside Higher Ed*, July 10, 2019, <https://www.insidehighered.com/views/2019/07/10/community-colleges-should-be-more-responsive-labor-market-changes-opinion>.

5 Joseph B. Fuller et al., "The Emerging Degree Reset," *The Burning Glass Institute*, February 9, 2022, 3, <https://www.burningglassinstitute.org/research/the-emerging-degree-reset>.

6 Fuller et al., "The Emerging Degree Reset," 3.

7 Laura Hilgers, "How Eliminating Degree Requirements Can Save You Time, Money, and Turnover," *LinkedIn Talent Blog* (blog), June 3, 2021, <https://www.linkedin.com/business/talent/blog/talent-acquisition/how-eliminating-degree-requirements-can-save-time-money-turnover>.

8 "Accenture Expands Apprenticeship Hiring to 20% of US Entry-Level Roles," *Newsroom* (blog), Accenture, January 13, 2022, <https://newsroom.accenture.com/industries/global-media-industry-analyst-relations/accenture-expands-apprenticeship-hiring-to-20-percent-of-us-entry-level-roles.htm>.

9 Kate Morgan, "'Degree inflation': How the four-year degree became required," *BBC*, January 28, 2021, <https://www.bbc.com/worklife/article/20210126-degree-inflation-how-the-four-year-degree-became-required>.

10 Hilgers, "Eliminating Degree Requirements."

Public Sector Leaders

In the public sector, Governor Larry Hogan in Maryland moved to mitigate degree inflation by enacting an executive policy to remove college degree requirements from specific state roles. The Maryland policy focused primarily on administrative, information technology, and customer service roles and has shown a 41 percent increase in non-degree-holding hires year-over-year from May to August 2022.¹¹

According to Opportunity@Work, a nonprofit workforce development organization, “there are over 1 million Marylanders who do not have bachelor’s degrees but do have skills for jobs that are in demand by both the State of Maryland and other employers.”¹² Opportunity@Work defines these individuals as those Skilled Through Alternative Routes, or STARs: “STARs are age 25 or older, active in the labor force, have a high school diploma or equivalent, and have developed their skills through alternative routes, such as community college, apprenticeships, military service, boot camps, and most commonly, on-the-job.”¹³ Opportunity@Work estimates that there are more than 70 million STARs in the United States.¹⁴

Maryland is not the only state that is moving towards skills-based hiring practices where applicable. Colorado Governor Jared Polis quickly followed suit and directed managers overseeing the state’s 31,000 employees to consider job applicants’ skills and experiences as substitutes for educational degrees and certifications, with Colorado’s Department of Personnel and Administration responsible for mapping specific skills to college degrees and monitoring compliance.¹⁵

Even the federal government is rethinking its approach to hiring. In June 2020, the White House released Executive Order 13932 titled “Modernizing and Reforming the Assessment and Hiring of Federal Job Candidates.”¹⁶ The executive order states that “an overreliance on college degrees excludes capable candidates and undermines labor-market efficiencies,” especially for jobs related to new technologies or with skills that are weakly connected to a program of study. It also states that “unnecessary obstacles to opportunity disproportionately burden low-income Americans and decrease economic mobility.” In response, the Office of Management and Budget instructed Chief Acquisition Officers and Senior Procurement Executives to limit the use of degree requirements when acquiring IT services and other types of services that do not require licenses.¹⁷



¹¹ Joseph Farren (Chief Strategy Officer, Office of the Secretary, Maryland Department of Labor), email message to author, October 21, 2022.

¹² The Office of Governor Larry Hogan, “Governor Hogan Announces Elimination of Four-Year Degree Requirement For Thousands of State Jobs,” *Maryland.gov*, March 15, 2022, <https://governor.maryland.gov/2022/03/15/governor-hogan-announces-elimination-of-four-year-degree-requirement-for-thousands-of-state-jobs/>.

¹³ The Office of Gov. Hogan, “Elimination of Four-Year Degree Requirement.”

¹⁴ “STARs: Skilled Through Alternative Routes,” Opportunity@Work, accessed November 9, 2022, <https://opportunityatwork.org/stars/>.

¹⁵ Lawrence Lanahan, “The new labor market: No bachelor’s degree required?,” *The Hechinger Report*, July 8, 2022, <https://hechingerreport.org/the-new-labor-market-no-bachelors-required/>.

¹⁶ Exec. Order No. 13932, Fed. Reg. Vol. 85, No. 127 (July 1, 2020).

¹⁷ Michael E. Wooten to Chief Acquisition Officers and Senior Procurement Executives, memorandum, “Limiting Use of Educational Requirements in Federal Service Contracts,” Office of Management and Budget, Executive Office of the President of the United States, January 11, 2021, <https://www.whitehouse.gov/wp-content/uploads/2021/01/Limiting-Use-of-Educational-Requirements-in-Federal-Service-Contracts.pdf>.



Expanding Public Sector Career Opportunities

Public leaders can mitigate degree inflation and lead by example with skills-based hiring practices. State policymakers should require public employers to look past college degrees in cases where prior work experience may substitute as a skills validation technique. For example, many middle-skilled jobs may not require a college degree, such as supervisors, support specialists, sales representatives, secretaries, administrative assistants, IT roles (software development), managers, and more.¹⁸

As it relates to the job posting, policymakers should require public employers (state and local agencies) to describe the minimum skills, training, or experience necessary for candidates to perform well in existing and upcoming job openings. Then, they should only allow degree requirements for public job openings if: 1) The specific degree is the best measure to determine if an applicant has required skills for the position; 2) The position requires advanced accreditation or licensure which is only available to holders of a specific degree; or 3) As an alternative to work experience which requires relevant skills. More and more states are changing their requirements so that related work experience can substitute for formal education requirements on a year-by-year basis.

A state agency such as a Department of Labor or an Office of Personnel Management can enforce the new requirements for public job postings and review violations. The agency or experienced partner (such as Opportunity@Work in Maryland) can also help public employers identify the skills or relevant experience needed for certain positions, identify opportunities for on-the-job training, recruit skilled workers without degrees, and create public job search tools that can sort open positions by skill requirements instead of by education requirements.

¹⁸ Hilgers, "Eliminating Degree Requirements."



Instituting this reform will benefit a wide range of individuals. It will help lift a substantial portion of the population which is being excluded from roles simply because they cannot check the college degree box. For example, screening for bachelor's degrees excludes nearly 80 percent of Latino workers, almost 70 percent of African Americans and more than 70 percent of rural Americans across all backgrounds.¹⁹ It will also benefit:

Skilled workers without a degree: Individuals who are ready for work and gained skills through alternative routes such as apprenticeships, certificate programs, microcredentials, bootcamps, individual courses, or through previous work experience. Skills-based hiring can help lift lower-income individuals who want to work but cannot afford or do not wish to pursue a degree.

For example, Opportunity@Work's program and Maryland's initiative target workers who are:

- Age 25 or older;
- Active in the labor force;
- A recipient of a high school diploma or equivalent;
- Skilled through alternative routes such as community college, apprenticeships, military service, boot camps, and most commonly, on-the-job.

Veterans: Military veterans who wish to seek employment immediately after they return from service. This reform could open opportunities for veterans to apply the skills they already have to public employment positions and seek more specialized additional training with their GI bill funds.

For example, a veteran who managed a team in active duty would already have management experience as a skill, among others.

Public sector employers and taxpayers: Employers can adjust pay and fill roles more quickly. It takes longer for employers to fill roles that require a bachelor's degree and employers pay more to employees with higher education degrees.²⁰ Taxpayers benefit because of cost savings to public employers and the potential to reduce student loan debt and defaults.

¹⁹ Byron Auguste, "The majority of Americans lack a college degree. Why do so many employers require one?," *The Washington Post*, July 20, 2021, <https://www.washingtonpost.com/opinions/2021/07/20/majority-americans-lack-college-degree-why-do-so-many-employers-require-one/>.

²⁰ Preston Cooper, "How Degree Inflation Weakens the Economy," *Forbes*, January 8, 2018, <https://www.forbes.com/sites/prestoncooper2/2018/01/08/employers-demanding-college-degrees-weakens-the-economy/?sh=3eoceag6bi1>.

Conclusion

In today's job market there is a mismatch between the skills employers desire and the requirements on job postings. Removing unnecessary barriers to employment can help qualified individuals gain access to jobs for which they wouldn't otherwise be considered. A state-level policy reform that implements skills-based hiring practices for current and future job openings would expand public sector career opportunities for skilled workers without degrees and increase economic opportunity for millions of Americans.

Author



Stacey Guber is a Visiting Fellow at the Cicero institute. Prior to joining Cicero, she spent 10 years working in the private sector at Slalom Consulting, AllianceBernstein and Morgan Stanley. She is an experienced strategy and leadership professional, with a passion for providing innovative solutions for both public and private sector problems. Stacey received a B.S. in Communications and International Studies from the University of Miami and an M.B.A from the George Washington University School of Business.





III CICERO INSTITUTE

The Cicero Institute applies the innovative energy of America's leading technologists and entrepreneurs to broken systems in the public sector to advance liberty and opportunity for all Americans. Our leadership and network consist of some of today's most successful entrepreneurs, investors, thinkers, and builders.



III CICERO INSTITUTE

2112 Rio Grande St.

Austin, Texas 78705

(512) 368-7758

ciceroinstitute.org