

# Transforming Human Potential Through Work

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**STAND TOGETHER TRUST**

ASU+GSV 2025

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Future of Work Impact Stories

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# Employees Aren't Finding Purpose at Work. These 3 Big Ideas Would Help.

Featuring Per Scholas

*Three simple changes would build a system where people and businesses reach their full potential.*

In her early 20s, Ayana Dunlap landed what she thought was her dream job in the hospitality sector. Then COVID-19 hit.

With the world on lockdown and her industry disrupted, Dunlap needed to pivot — quickly. But how could she when a bachelor's degree, which seemed necessary to break into high-demand tech jobs, would take years to complete?

A friend mentioned a tech training organization called Per Scholas, which provided the programs she needed to switch careers. Now, Dunlap earns a six-figure salary helping businesses in the financial services industry integrate technology into their platforms. She'd found her dream job — again.

Dunlap shared this story before a crowd at the recent ASU+GSV Summit in San Diego. This annual gathering brings leading educators, innovators, philanthropists, and policymakers to discuss innovations that will ensure people like Dunlap can find meaning through work and learning.

“So many students in the United States, especially those from families who are subsisting on lower incomes, have very limited pathways,” said Steve Taylor, Stand Together Trust director and senior fellow of Future of Work. “Essentially, they are forced after high school



or as an adult learner into one pathway: an accredited college that offers a program.”

As a response, innovators and entrepreneurs across the country are leading a movement to find new and better pathways for learners to gain the skills to pursue work that leads to greater fulfillment — which produces a more engaged and productive workforce. When learners find a job where they see their work contributing to an organization’s mission, it’s win-win because they are finally able to tap into their strengths, while businesses reap the benefits of more contribution-minded employees, which leads to lower turnover and higher productivity.

For leaders at ASU+GSV, three big ideas stood out to accelerate this already growing movement:

1. People need access to college alternatives and innovative funding options to gain the skills to pursue purposeful work.

2. Employers need to recognize non-college credentials and hire based on skills, aptitudes, and motivation, not degrees.
3. Policymakers can unleash human potential by reforming the workforce system to motivate people to contribute through purposeful work.

## **We Need To Support Innovative Education Financing**

Even as enrollment in four-year colleges and universities declines, Americans recognize education cannot stop with high school. Lifelong learning is necessary to continue to advance and find fulfillment in a career.

Unfortunately, the country's student financing system still favors four-year degrees, sending students into debt just as they launch their careers and often for degrees they did not need to effectively compete in the workforce in the first place.

Worse, the current financial aid system fails to support the type of learning options Americans actually want, those that provide faster and more affordable pathways to jobs they find meaningful. These options include Per Scholas, the organization that helped Dunlap attain career success, which provides tuition-free instruction for tech careers, and Merit America, which helps people in low-wage jobs access tech certification programs. Both providers produce job placement and earnings outcomes that rival or surpass many college programs.

Students can pursue these non-college pathways because of innovative finance models such as low- or no-interest outcomes-based loans and income share agreements (ISAs). These options are particularly useful since federal government loans and federal Pell Grants can only be used for degrees and some certificates at accredited institutions.

Alternatives to government financing are available from innovative finance providers who see value in making non-college pathways accessible to learners. Ascent, which provides low-interest loans to students pursuing innovative learning programs and Better Future Forward, a nonprofit organization that ensures historically marginalized students have access to protective financial support, help

“What we did was recognize the gap between the federal programs and where banks would lend and where the students were most in need,” Ascent Co-Founder and CEO Ken Ruggiero told the audience at ASU+GSV. “When [students] graduate with a loan from Ascent, they know exactly how much they owe, who they owe, and how to pay off the money that they borrowed.”

## **Employers Should Hire Based on Skills and Aptitudes, Not Degrees**

Hiring based on aptitudes, skills and motivation to contribute, not degrees, empowers people to realize their full potential and leverage their innate abilities to benefit their own goals and those of employers.

By removing degree requirements for most public sector jobs, states such as Colorado and Virginia are leading on skills-based hiring. The private sector has started to catch on, but more work is needed, especially since organizations stand to gain so much by embracing non-degree holders.

Companies that reduce their reliance on degree requirements open themselves to a deep reservoir of untapped talent. Indeed, Opportunity@Work estimates there are 70 million STARS — workers who do not have a bachelor's degree but have been skilled through alternative routes. These individuals include veterans, whose frontline experience in the military is aligned with many skills required by employers, and caregivers who have taken time out of the workforce to raise children. Often,

these overlooked workers have the very grit and contribution mindset employers say they cannot find in the workforce.

“There are 70 million Americans who are skilled through alternative routes. They are deeply attached to the labor market. They’ve done lots of jobs, and so we know they have skills, because there are zero jobs that you can do without skills,” Opportunity@Work Co-Founder and CEO Byron Auguste told the audience at ASU+GSV. “There’s a massive amount of overlooked talent ... Everybody has something to contribute.”

Unlocking these benefits will take work.

“This is fundamentally not an initiative. This can’t be seen as an HR thing,” said Debbie Dyson, CEO of OneTen, an organization focused on placing one million Black individuals without four-year degrees into family-sustaining careers. “This is a movement. It has to be embedded and woven into the culture of organizations. This can’t be the CEO saying, ‘Go do this thing.’ You have to fundamentally change how you think about hiring, where we’re trying to disrupt the traditional way of hiring.”

### **Federal Policymakers Must Unleash the Potential of Innovative Workforce Solutions**

Federal workforce development programs still rely on a one-size-fits-all college model to enable people to gain the skills they need to pursue purposeful work — and connect them with the right employer.

For too many, that system is not working.

A robust marketplace of high-value, low-cost learning programs that work closely with local employers will propel students into meaningful careers.

Virginia leaders are working to create that ecosystem. Gov. Glenn Youngkin signed an executive order on skills-based hiring that was timed with a reformation of the state’s workforce development system.

The changes “recognize that there are multiple ways that we learn through our lifetimes. Certifications, competency-based education, apprenticeship programs,” said Virginia Deputy Secretary of Education Nicholas Kent. “It’s really about understanding and focusing on an individual’s skills, abilities, competencies ... individuals’ passion for public service. We don’t want to exclude millions of individuals who have a willingness to serve their citizenry.”



One barrier to this type of innovation is the current iteration of the Workforce Innovation and Opportunity Act (WIOA), which is the primary federal law that allows individuals to leverage federal dollars to pay for short-term workforce training. As written, it does not provide a direct on-ramp for learners seeking to transition into meaningful careers that pay family-sustaining wages.

One way to make WIOA work for unemployed and underemployed Americans is to give states the flexibility to integrate workforce and social safety net funding and service delivery and to offer a more seamless pathway for non-college providers with proven employment outcomes to offer their programs to job seekers attached to the WIOA system.

Take Utah, for instance. The state used to have multiple employment programs scattered among numerous state agencies.

It was impossible for residents and would-be employers to navigate a jumbled system or find one another. The state got an exemption from the federal government to create a single agency offering Utahans “One Door,” a single point of contact to access needed workforce and social safety net supports, with an eye towards achieving self-sufficiency. The One Door approach has successfully matched thousands of Utahans who need jobs with employers who need workers. The Alliance for Opportunity is helping additional states take steps to improve workforce and safety net programs to help work-capable Americans succeed by contributing their skills to pursue meaningful work.

Many WIOA training programs have failed to deliver positive employment outcomes for job seekers looking to step back into the workforce. Allowing non-college providers like Per Scholas or Merit America to compete for WIOA funding would unlock the potential for

WIOA beneficiaries seeking short-term, career-oriented programs with proven employment outcomes.

An openness to new ways of hiring, financing education, and unleashing the potential of job seekers to develop the skills needed to pursue purposeful work is a win for workers and employers, and the communities in which they live and work.

In her remarks, Dunlap encouraged learners and employers alike to embrace education options other than a college degree.

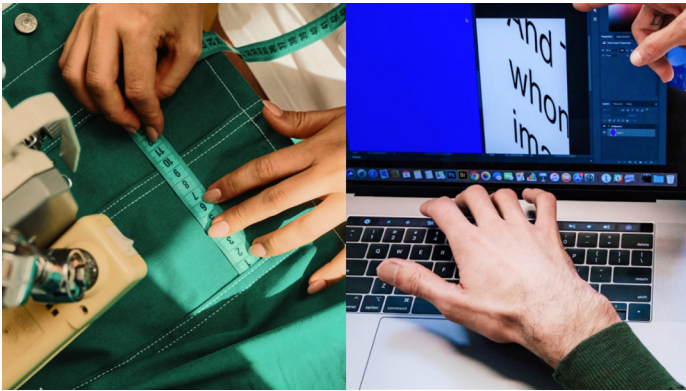
“I know college can be very demanding, especially for adult learners,” Dunlap told ASU+GSV attendees. “I know there was no way I could have had a full-time job and do college at night. So, look at alternative routes, especially alternative funding. There is always a way to make it.”

*The Stand Together community partners with changemakers who are tackling the root causes of America’s biggest problems.*

# Why This Common Barrier to Employment Needs to End Now

Featuring Michael Horn

*Hiring barriers stop qualified people from finding meaningful work. Here's how we fix it.*



Five years ago, a digital product manager came up with a great idea for his job at a consumer packaged goods company in Wisconsin, but he feared what his boss might say to such an out-of-the-box concept.

Until this point, he assumed he'd be leaving and taking his great ideas with him. His department was already in flux, and it felt like his employer held all the power; that it wasn't his place, as a midcareer employee, to have autonomy over his job description and duties. That's when he met Michael Horn, the co-founder of the Clayton Christensen Institute, where he works with education and workplace leaders to make their roles available at their companies more mission-driven and intentional.

The employee's idea would leverage his coding skills to create a quicker, more agile product development process for company executives and had the potential to dramatically improve the packaging company's productivity. Horn

encouraged him to tell his boss, who loved it so much, he created a role that fit the concept.

"It turned out didn't have to leave the company that he loved," Horn said. "He could express the progress he really wanted to make and how he could contribute. [His] organization responded to it and said, 'That'll help us and it'll help you, don't go anywhere.'"

This is one of the anecdotes from Horn's book, "Job Moves," and showcases the way both employers and employees benefit from empowered workers who engage in open and creative discussions that showcase their talents and potential.

This example, from Horn's book coming out in November, "Job Moves," is just one of many win-wins that can happen when employers recognize each individual's unique goals, talents, and potential, and work with them to understand how they can be applied to help the company grow.

"Everyone thinks employers have all the power," Horn said. "They hire you. But you also hire your employer. You decide whether this is a job [you'll] take, whether the money is worth it. There are good things and bad things, every job has a little bit of both. Those [trade-offs] are decisions you're making. We want to help people have a mindset shift of, you also get to hire your next job."



Horn's point is both employers and employees benefit when everyone is excited by and engaged in the work at hand. He sums up the central issue simply: "Organizations are very organization-centric, and not necessarily human-centric."

Horn aims to fix that through his work.

### **The Key Ingredient Missing in the Workforce**

The problem, explained Horn, starts right at the beginning. It's in the job description.

Rather than employers considering, "How do we maximize the talent coming in the door and make roles fit for them?" as Horn described, they create rigid job parameters that force applicants into boxes they struggle to escape. It sets everyone up for failure..

The current model relies on a four-year university degree to somehow deem a candidate talented and worthy, but it's "not very helpful, 50% accuracy at best on a good day," said Horn.

These rigid requirements lead to employees focusing on meeting employers' often narrow parameters and job roles, rather than considering ways their individual experiences, interests, and talents (beyond their degree) can benefit the organization's mission. If employers were able to hire individuals based on these merits instead, it could have tangible benefits for both sides.

"There's so much great human capital, so much talent potential sitting there that can do great work, and it's sitting on the sidelines," he said. "Sixty-two percent of adults are working with no college degree, and many of them have been gainfully employed and done great work. They're being excluded."

When they are, employers miss out on a huge untapped talent pool as well. This isn't to say

that a college degree is useless — but it's just one small piece of the holistic picture of someone's experiences, perspectives, and potential. For instance, although the person Horn mentioned above was an example of an employee who did have a four-year degree, his employer didn't initially create the opportunity for him to explore and implement his other talents in coding into the role.

"The employers are losing out on really talented people," Horn said. "Neither side is making progress as a result of this."

Besides creating a workforce that is open to a variety of backgrounds, experiences, and perspectives, merit-based hiring also has implications for higher education. If employers are more open to non-traditional professional backgrounds, it means that less people will be incentivized to pursue a four-year degree, and that other options like trade school, microcredentials, apprenticeships, and lived experience will hold higher value.

These alternate educational programs are already growing in popularity. "People are voting with their feet," Horn said. "Our neat, tidy categories that we have constructed over the last hundred years are breaking down. That's a good thing, because individuals are saying the one-size-fits-all does not work, and they can better find what they need as individuals. It's good for society as well because [members] can better live up to their potential."

### **How to Be a Part of the Shift Toward Merit-Based Workplaces**

There are tangible steps both employers and employees can take to build a workplace where they're able to collaborate toward more purpose-driven work that furthers a company's mission. When employers remember that human capital can improve their profits and productivity, and employers view their talents as assets to be marketed, both sides stand to benefit.

For employers, Horn recommends three steps:

1. Understand your employees' needs and goals: "Understand why people are applying to [your organization], what's driving their shift, what progress looks like for them. And then build it into your system, including the performance reviews, so that this is a workplace where your team is not just hiring on day one, but they're rehiring each and every day."
2. Make job descriptions intentional and specific: "Make it something that is more focused on what people will do each day and the values or soft skills or aptitudes needed to be successful ... as opposed to trying to be abstract or name [broad] skills and make it really opaque, which causes people to default to [focusing on] four-year degrees."
3. Create spaces for open discussions regularly: "Hiring managers, managers, and HR [can] really build this into the process. Then it's not [just up to] the manager to remember to ask you, 'Is this job still helping you progress?' It's actually built into the systems themselves."
3. Consistently work to understand how your role and work is adding value or solving problems for the team or customers around you. The more you understand how your contribution is interconnected to helping solve problems, the more meaning and purpose can help you get through the more challenging or difficult days.

If employers and employees take these steps, it can result in more openness, communication, dedication, and productivity on both sides, which leads to a better bottom line for the company overall: "People work better when they're able to bring their full selves to work, and that happens when you have more agency over [your role in a company.]. The right job allows you to have those conversations," Horn said.

If enough organizations are able to start shifting to more mutually beneficial, purpose-driven work that uplifts their employees' individual talents, it means communities uplifted by members who are able to explore and pursue their full potential as individuals — and that means a better society for everyone."

For employees, Horn's advice focuses on taking time to reflect on your goals and unique experiences, to be ready when the opportunities for those open discussions do come up:

1. Prior to applying for a role, reflect on your goals and parameters: "Be conscious about, 'What trade-offs am I willing to make to get to do the things that I really want to do? Every job has some [negative] element in it, things that are not aligned with your skill set or things that drain your energy. Be ready to consciously choose."
2. Be able to highlight your unique qualities and background as an individual: "Really learn to tell your story. Why are you here, what can you contribute, and how are you gonna help them? [That also answers] how the job is also going to help you in your journey."

"We're not asking employers to abandon their business goals," Horn said. "They have to make progress against those. But if we truly understand how someone can contribute and what drives their energy, then the employer [can ask] ... What does it look like to make progress as an individual at all stages of life? And how do we structure employment through the progress that individuals are desiring — just what they think their jobs are?"

*The Charles Koch Foundation, as part of the Stand Together community, funds cutting-edge research and helps expand postsecondary educational options.*

# It's Time to Break the Spell of College Degrees

Featuring Merit America

*Work matters, with or without a diploma.*

Sandra came to the United States after college with high hopes. Her version of the American Dream included a career in advertising, but that never happened.

“I’m like, OK, I’m going to get me a job at an advertising agency here in the United States,” she said. “It’s going to be awesome. And I started sending hundreds of resumes, thousands of applications.”

“Nothing came out of it.”

A native of Brazil, she spent 10 years applying for positions that interested her. In the meantime, she worked two restaurant jobs, often clocking 80 hours a week.

“When my daughter walked for the first time, I really wasn’t there to experience that,” Sandra said.

She began to question whether she would ever break free from the cycle.

“Talent is everywhere in our country,” said Rebecca Taber Staehelin, co-founder of Merit America. This national nonprofit helps people like Sandra — i.e., stuck in less meaningful (often low-wage) jobs — find fast, flexible pathways into family-sustaining careers.

“They’re in jobs that pay less than \$30,000 a year,” Taber Staehelin explained. “They don’t have the time or the money to go to college, and so they’re stuck.”



Watch the video on the Stand Together youtube channel or use your phone camera to scan the QR code.

This cycle is hurting employers, too. “There are 10 million unfilled jobs,” explained Taber Staehelin’s co-founder, Connor Diemand-Yauman. “So from the employer perspective, you’re in this war for talent, and so many employers are losing this war.”

Taber Staehelin and Diemand-Yauman founded Merit America to serve the 53 million working adults in this country for whom less fulfilling work has become a life sentence because of degree requirements. The two have built a new talent pathway to bridge the gap between underemployed working adults and employers hungry for talent.

The organization upskills hardworking adults who want more fulfilling work and connects them to employers in a matter of months. The results are good for both sides. Workers

transition into meaningful careers that support them and their families, and employers gain a well-trained workforce of people who already know how to work hard.

“Imagine a world where, if you give folks the support and opportunities they need to self-actualize, the American Dream is possible,” Diemand-Yauman said.

Could this new approach help reopen the American Dream for millions?

### **Has the American Dream Become Elitist?**

America needs to redefine pathways to success. Today, there often appear to be only two options — college or no college — and only one is the “correct” path.

“We both grew up believing that the American Dream was everything it was supposed to be: ‘Anyone who works hard can get ahead,’” said Taber Staehelin. “But over the last few decades, it’s turned into, ‘Anyone who has a college degree can get ahead.’”

This shift has left millions of hardworking Americans like Sandra stuck in low-wage jobs, unable to access better opportunities.

As Diemand-Yauman explained, “Under 40% of individuals have college degrees, and yet 50% of jobs require one. The result is that we have this mismatch where workers are being boxed out of opportunities that they are actually qualified for, while employers can’t get the talent that they need.”

The mismatch creates challenges for both workers and employers. Companies like Intact Technology, a rapidly growing tech business, face a severe talent shortage.

Jesse White, CEO of Intact, said the talent shortage is his company’s biggest problem. “In order to keep up with the demand in the industry, we’ve been asked by our software

partners to double in size every year for the next three years,” he explained. “In our industry, that’s 250,000 new certified professionals. It is literally impossible that those folks will come through traditional college.”

“We have to consider the alternative paths.”

### **Breaking the Spell of the College Degree**

A generation ago, college degrees weren’t the hot ticket they are today.

“So many of the jobs that require college degrees didn’t actually require one two or three decades ago,” said Taber Staehelin. “[Companies are] coming from this place of, oh, that’s an easy proxy, but it’s a proxy that’s actually serving against the interests of our employers and of our country.”

After a decade of working behind the counter, Sandra discovered Merit America. In just over 12 weeks, she completed an IT training program and secured an entry-level role at Intact Technology. It was a game changer for her and for Intact.

“Sandra very quickly was taking on new opportunities and improving the operations of Intact,” said White. She is now a manager, and her success has inspired the company to deepen its partnership with Merit America.

“She’s why we have a partnership with Merit America,” said White. “It is the best single source of applicants that we have to tap into because if you can take anybody and within six months, give them a skill set, that’s not only extraordinary for them, it’s great for the economy. As a business, without that, we’re literally not going to be able to keep up with our competitors.”

“That is the opportunity that employers have to break the spell of the college degree,” said Diemand-Yauman. “This myth that it is the only way to vet for exceptional talent.”

## **The Advantages of Workforce Candidates vs. College Graduates**

Sandra's story illustrates the potential of rethinking hiring practices to focus on skills and potential rather than traditional credentials, but what does that look like?

How do companies wean themselves off college degree requirements?

Diemand-Yauman and Taber Staehelin encourage employers to reconsider their hiring criteria.

“Let's ask what actually matters for these jobs,” said Diemand-Yauman. “We need employers and hiring managers to get really clear about what they actually care about. What are they using the college degree to vet for?”

By focusing on the skills and attributes that truly matter — such as emotional intelligence, a growth mindset, and the ability to learn rapidly — employers can tap into a vast, underutilized talent pool.

Angela Butler, workforce development manager at Intact, highlighted a key difference between candidates who have work experience versus traditional college graduates.

“My workforce candidates, they know how to work,” she said. “They have been in the workforce, and that experience cannot be taught.”

Intact's success with workers coming from nontraditional pathways has led to rapid

growth for the company. “We had 85% growth just last year alone and brought 130 new people into the business,” said White. “And now 40-50% of the people that we're bringing in will come through this nontraditional approach to hiring.”

Sandra's journey from struggling immigrant to successful manager is a modern-day embodiment of the American Dream. “My husband tells me, ‘You are the portrait of the American Dream, right? You came here with nothing, and you worked yourself into where you wanted to be,’” she shared.

Taber Staehelin and Diemand-Yauman's work with Merit America is driven by a vision of a future where the American Dream is once again accessible to everyone.

“This is a solvable problem. We can help our employers get the talent they're looking for,” said Taber Staehelin. “We can help anyone who wants to work hard get ahead. And when we do that, everyone wins.”

“The stat that we're most proud of is that we have driven over a billion dollars in wage gains,” said Diemand-Yauman. “These are a billion dollars that are going back to their families, into their communities, and into our country.”

*Merit America is supported by the Charles Koch Foundation, which, as part of the Stand Together community, funds cutting-edge research and helps expand postsecondary educational options.*

# Why ‘Bachelor’s Degree Required’ May Be Going Out of Style

Featuring Opportunity@Work

*A coalition of over 65 companies is nixing college degree requirements — and that’s just the start.*

In the modern job market, three seemingly simple words have caused significant harm to the economy: “bachelor’s degree required.” With nearly 10 million open jobs in America, about half still list a bachelor’s degree as a requirement, even when it might not be necessary.

Byron Auguste calls this issue “Tear the Paper Ceiling.” It’s also the name of a nationwide coalition of employers led by the nonprofit Auguste co-founded, Opportunity@Work.

“A paper ceiling is a metaphor for something that is keeping people from rising,” he explained. “Degree discrimination is not illegal, but it’s keeping millions of people from jobs employers need to fill.”

It’s contributing to a nationwide talent shortage and threatening the long-term viability of businesses. “Every manufacturing company is really facing a massive talent shortage,” said Betsey Strobl, chief talent officer at Trane Technologies, a partner in the Tear the Paper Ceiling coalition. “Because of that, the future sustainability of their businesses could be at hand.”

Opportunity@Work is leading a grassroots movement to drop unnecessary degree requirements and help more employers become aware of the 70 million working-age people in

America who have gained their skills through military service, community college, workforce training programs, or on-the-job experience.

To describe this category of workers, the nonprofit coined a now-industrywide term: STARS, meaning workers who do not have a bachelor’s degree but have become skilled through alternative routes. Hiring people with these backgrounds is a win-win because it opens a diverse talent pool for employers while empowering skilled workers to reach their potential and secure fulfilling jobs.

“There’s so much talent to unlock in this country,” Auguste said. “The starting point is to tear the paper ceiling.”



Watch the video on the Stand Together youtube channel or use your phone camera to scan the QR code.

## Many Degree Requirements Defy Logic

At the root of this issue is a gap between job requirements and the actual qualifications of the American workforce. Over the past 20 years, 70% of emerging jobs have listed a bachelor's degree as a requirement — but only 40% of Americans have one. It defies logic. “To say you need a medical degree to do surgery, that’s common sense,” said Auguste. “But to say you need a bachelor’s degree of any kind to be a salesperson, to be a manager, to be an IT support specialist, it makes no sense.”

Auguste’s father is an example of the untapped talent in the workforce 50 years ago. While employed at a factory in Detroit in 1971, his employer offered him an opportunity to learn the programming language COBOL. This chance for on-the-job training allowed Auguste’s father to learn a new computer language and eventually move their family into the American middle class. Auguste believes today’s companies should look for individuals like his father, those with talent and a drive to learn on the job.

“At a human level, it’s really important to describe people by the skills and attributes that they have, not by the degrees that they lack,” said Auguste. This shift in perspective is crucial for unlocking hidden potential in the workforce.

## Focusing on the Whole Person Rather Than a Paper Credential

Opportunity@Work has developed an online platform that helps companies identify the skills that applicants can bring to the table. This tool enables employers to see the available talent pool with specific skill sets in any desired location, helping to bridge the gap between job requirements and actual qualifications.

In the last year, the campaign to Tear the Paper Ceiling has gained national attention, with over 65 large employers joining the movement and changing their hiring practices.



One of those companies is Trane Technologies, which employs over 25,000 workers nationwide. Strobl highlighted the challenges in acquiring talent for the future, noting that the technician landscape had over 38,000 job openings last year alone. To address this, Trane has adopted a strategy that targets STARS, focusing on the entire individual and not just a paper credential.

“The skills-forward strategy is really making sure that we look at the whole person rather than a credential that’s on paper,” Strobl explained. “The rest of the skills necessary, we’re going to give you. We’re going to train on the job as part of our apprenticeship program.”

Wendell completed Trane’s apprenticeship program and is now a full technician at the company. Before this, he had attended college for a year but soon realized it wasn’t the right path for him. After leaving school, he learned how challenging it is to find employment without a degree.

“When people hear that I dropped out of college, they automatically have a stigma,” he said. “‘You can’t handle hard work,’ and things like that. That’s just not the case at all.”

Scott Thompson, a service operations leader at Trane, started there without a four-year degree. He noted that younger technicians often lack direction initially, but through the program, they gain a sense of belonging and the opportunity for a full career.

Wendell agreed. “It was good that I got some

structure to at least climb that ladder and get through the apprentice part of my job and graduate to becoming a full technician,” he said.

It’s been good for Trane’s business, too. “Hiring STARS — it gives us the talent we need with the skills we need to deliver for our customers and for the company,” said Strobl.

### **Meaningful Work Is a Valuable Part of the Human Experience**

In its first year, this coalition of employers has created almost 30,000 additional jobs without degree requirements. And Auguste said his organization is just getting started.

“Right now, we have about 65 partners in the Tear the Paper Ceiling coalition, and that’s growing week by week,” said Auguste. “In the next decade, Opportunity@Work and our partners will enable a million STARS to gain better jobs through the networks and the tools that we’ve set up. Those STARS will be earning \$20 billion more a year than they otherwise would.”

The financial benefits are important, but they’re not everything. Creating more opportunities for meaningful work is critical

to the future of the American workforce.

“I think it’s definitely important for people to do what they like to do,” said Wendell.

“If you’re doing something that you like, you know you’re never gonna get tired of it. You’re never gonna get bored.”

“Work is very meaningful to people,” said Auguste. “It’s one of the main places where you find out what you’re great at. These are incredibly valuable and valued parts of the human experience. Once employers understand that there are 70 million Americans with skills without degrees, then suddenly there’s a whole world of possibilities for how we can solve the problems with the labor market.”

*Opportunity@Work is supported by Stand Together Trust, which provides funding and strategic capabilities to innovators, scholars, and social entrepreneurs to develop new and better ways to tackle America’s biggest problems.*



Scan the QR code to learn more about how Opportunity@Work’s STARS Public Sector Hub is opening more doors for workers skilled through alternative routes (STARS).



# Why Are More States Adopting Skills-Based Hiring Practices? Because It Works.

Featuring Cicero Institute

*New policies encourage employers to empower job seekers to reach their full potential.*

*This article was originally published by Stand Together Trust.*

Robert learned the most valuable lesson for his work life from his father.

“Be the first to show up, the last to leave, and get your job done.”

That’s what Robert’s father told him growing up. Watching his father’s example inspired him to move in his journey from a sales associate to a manager and now a merchandiser, analyzing numbers and predicting trends so he can send stores the correct inventory.

Over 10 years with the same company, Robert has built a foundation of skills, experience, and work ethic to build his successful career. Yet, he sometimes worries about his job security because he doesn’t have a college degree. New leadership at the company could determine he doesn’t have the training or education necessary for employment.

Robert’s story isn’t an isolated experience — more than 70 million talented and driven workers are excluded from the labor market because employers have unnecessary degree requirements in their job openings. This invisible barrier prevents employers and job seekers from reaching their full potential.

The Cicero Institute, a grantee of Stand Together Trust, is a leading policy organization working



across the country to change the status quo from “degree-required employment” to a more open approach that hires employees based on skills, mindset, and aptitudes.

The push for employers to reconsider degree requirements for open positions has gained momentum in recent years.

In fact, 72% of employers do not see a college degree as a reliable signal of skills, yet 52% still hire people with college degrees because they see it as the less risky option.

Furthermore, four-year degree requirements automatically screen out 76% of African Americans, 83% of Latinos, and 81% of rural Americans, according to data collected by Opportunity@Work, a grantee of Stand Together Trust.

If employers de-emphasized degrees in hiring, job seekers and employers would realize mutual benefit. Individuals would have more opportunities to apply their unique skills

and aptitudes toward meaningful work, and employers would have access to more skilled, dedicated employees to advance their mission.

“Unnecessary degree requirements limit the pool of talented workers an employer can choose,” explains Jonathan Wolfson, Cicero Institute’s chief legal officer and policy director. “But mere lip service from the government isn’t enough – the federal and state leaders who open the door to let more citizens put their skills to work to serve their fellow citizens show the private sector that skills-based hiring is possible and beneficial.”

### **Sending a Market Signal To Encourage Dropping Degree Requirements**

In recent years, federal and state governments have begun laying the foundation for a shift away from “degree required” for public service jobs.

In June 2020, then-President Donald Trump signed an executive order that directed the federal government to de-emphasize college degree requirements and assess applicants’ skills instead. It was one of the few executive orders that President Joe Biden kept in place when he assumed office.

In 2020, Wolfson, then at the U.S. Department of Labor, and Michael Brickman, Cicero Institute’s education and workforce policy director who was previously at the U.S. Department of Education, collaborated with a small team to develop the Trump administration’s executive order.

In March 2022, then-Governor Larry Hogan announced that thousands of administrative, customer service, and IT jobs in Maryland state government would no longer require four-year degrees. Instead, the state would consider applicants with a high school diploma and three years of relevant work experience, military training, or other training to fill the roles.

Since 2022, at least 16 states have enacted public-sector skills-based hiring policies. Cicero has played an instrumental role in educating lawmakers and building support for these reforms, resulting in increased momentum for states adopting these policies.

In Florida, Cicero had an active team with strong relationships in the legislature and the governor’s office, and they educated policymakers on the importance of skills-based language. As a result of these issue education efforts, the model bill language provided by Cicero was passed and signed into law in June 2023.

“Florida’s Secretary of Management already considered removing unnecessary degree requirements to expand the applicant pool for state jobs when we discussed a statutory pathway,” Wolfson explained. “The Florida legislature and governor’s office not only embraced this opportunity but expanded the principle to state contracting as well.”

Cicero had a similar impact in Georgia, where, in April 2023, Gov. Brian Kemp signed legislation to eliminate degree requirements for most state jobs.

“Legislators are busy and are presented with thousands of details each day. We kept our conversations brief and focused on the state’s need to find more workers to fill vital roles,” Wolfson conveyed. “Georgia legislators and political leaders across the political spectrum were shocked to learn that simply removing unnecessary college degree requirements could open the floodgates for the state’s workforce.”

In other states, governors’ executive orders paved the way for legislation to drop degree requirements for public sector jobs.

For example, Cicero and Stand Together Trust engaged with Gov. Glenn Youngkin’s staff and the secretaries of labor and education on skills-based hiring reforms in Virginia. In May 2023,

Youngkin enacted an executive order directing state agencies to remove unnecessary degree requirements. Steven Taylor, Stand Together Trust’s director and senior fellow for the future of work, praised Youngkin and lawmakers for taking steps in April 2023 to transform the commonwealth’s workforce development infrastructure. Taylor said, “Consolidating workforce programs was an excellent first step to realign workforce supply and demand, but removing public-sector degree requirements was a natural next step.”

In the next legislative session, Cicero will educate Virginia policymakers on approaches to codify skills-based hiring reforms in the executive order into statute. “Executive Orders are a great way to start the conversation, but codifying a shift toward skills-based hiring through legislation tells everyone the state is willing to do the hard work of hiring the best workers who can do the job,” says Wolfson. He also emphasized, “Because a new governor can repeal an executive order, or even just de-emphasize its implementation, legislation is the only way to ensure every office across the state knows that skills-first hiring is here to stay.” Building off the momentum of the last two years, in 2024, Cicero will continue educating

lawmakers in several states on reforms to remove unnecessary degree requirements for public sector roles.

Cicero has published research and policy to highlight the benefits of dropping degree requirements and identifying strategies to enact aligned policies and practices.

“At Cicero, we’re focused on developing innovative solutions to public policy problems and want to equip bold leaders in states across the country to bring those solutions to fruition,” Wolfson explained. “We make our materials easily available and are always happy to work with government officials to solve their toughest policy challenges.”

*Cicero Institute is supported by Stand Together Trust, which provides funding and strategic capabilities to innovators, scholars, and social entrepreneurs to develop new and better ways to tackle America’s biggest problems.*



Scan the QR code to learn more about how The Cicero Institute is expanding opportunities for countless Americans with skills and no degrees.

# Can Employers Train Their Workforce More Easily — and Benefit, Too?

Featuring Per Scholas

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*Why mid-career skills programs could be the way forward*



After years in the logistics management industry, Moja Chatman had gained a plethora of valuable skills and experience, but he was stuck. Without specific qualifications on his CV, he had no way to transfer those skills to the industry he wanted to join: information technology.

That obstacle wasn't just affecting Chatman. His potential employers were also unwittingly losing out on the unique talents and background he had to offer their workplaces.

It was through Per Scholas that Chatman was able to bridge the gap. The nonprofit offers upskilling curriculum and certifications specifically designed for adults in the middle of their careers. For individuals at this stage, going back to college often isn't viable. Carving out two or four years for a new degree, taking on new loans, and figuring out how to work remotely simply aren't options. Unlike the four-year college degree route, Per Scholas' courses are flexible, offering participants a shorter-term

curriculum on a full-time basis or sometimes even allowing participants to continue working full time while advancing their skills.

Through Per Scholas, Chatman gained new skills, trained with a mentor, and connected with higher-ups at the global bank Barclays. He eventually got a job there working as a data analyst. He's one of many who are making clear the benefits companies have to gain by hiring employees who don't have a traditional academic background.

"All these companies have understood, 'Hey, we have to look into these alternative pipelines and bring in talent from there as well,'" Chatman said. "I was already in the workforce. Having that experience, I just brought that along with me."

Per Scholas is demonstrating that organizations can leverage alternative education models to create individualized and shorter pathways to high-demand jobs. Once employees enter their new roles, their education is just beginning, as they can continue to gain new certifications and add to their toolbox.

"They'll set you on the path, and then they'll illuminate several paths and say, 'Hey, take your pick,'" Chatman said.

In doing so, Per Scholas is blowing the marketplace wide open. It's not just employees who stand to benefit: It's entire industries. By helping mid-career professionals access new skills and learning opportunities, employers that

partner with organizations like Per Scholas are creating stronger, more driven workforces that are prepared to adapt and grow with whatever developments come their way.

## **Rising Debt and Falling Value**

Over the past decade, 4 million fewer young people have enrolled in higher education than before. In addition to the value and direct connection to a job being called into question, the price tag is just too high. According to Business Insider, college tuition has risen about 12% per year since 2010. While costs have ballooned, salaries have remained largely stagnant.

The workplace is suffering as a result. Despite fewer people choosing to attend a four-year college, many workplaces still prioritize — or require — a college degree for many roles. These minimum hiring requirements keep employers from tapping into a large, underused pool of talent — those who didn't attend a four-year school.

In fact, hiring workers with alternative educational backgrounds can be an advantage for employers. It diversifies the experiences, perspectives, and skills that make up the company's workforce. And it's not just young people. Adults are often caught between wanting to shift careers and not having the specific qualifications a job is looking for.

“Applicant tracking systems now make it challenging for a mother who maybe was staying at home and raising her children for 18 years who is now trying to get back in the workforce,” said Brittany Murrey, executive vice president of talent solutions at Per Scholas. “You think about people who might be refugees ... or individuals who are over 40 years old and looking to start new careers after they've been in the workforce for 20 years. I think anyone that is willing, able, and eager to have a career in tech and is passionate deserves an opportunity to access that career pathway.”

By opening consideration to a variety of educational and professional backgrounds, employers can focus less on an applicant's degrees and more on how the applicant's specific skills, experiences, and talents fit the demands of the role.

“More and more, we're hearing that employers are prioritizing relevant technical skills over more traditional education requirements like a four-year degree,” Murrey said. “Candidates from diverse backgrounds and experiences bring a fresh perspective into these tech roles that has traditionally been missing. By prioritizing skills over traditional barriers ... [employers] can widen their talent pool. They can fill their job openings more quickly while also ensuring their teams have the right skills to succeed.”

So, how do employers begin to knock down the walls? For one, they can eliminate four-year degree requirements in favor of equivalent relevant experience. They can also broaden job postings to allow applicants to explain their personal stories and how they see themselves as the right fit for the role rather than requiring a checklist of standard qualifications.

Creating inclusive hiring practices is a win-win for employers and employees alike. Employees who join a new workforce and receive recognition for their unique strengths and talents find more fulfillment in their roles. In return, their workplaces see increased momentum, drive, and focus. This often translates to “a better quality product, higher productivity, and a workforce as diverse as the customers it serves,” Murrey said.

In this way, helping workers access new skills and learning isn't just a matter of moving up the career ladder. It's also a way to empower employees to explore their interests and untapped potential so they can pursue a higher level of purpose and give back to their workplaces on a bigger scale.

## How To Create a More Adaptable Workforce

Alternative talent training programs reduce the financial burden on the individual. Per Scholas supports students with free tuition, which unlocks the door for a whole new pool of talent to enter industries that were previously inaccessible to them.

This model has the potential to transform the marketplace itself. Upskilling and development programs like Per Scholas are flexible. They can routinely reassess and expand to meet evolving needs and goals in every industry, especially the tech, cybersecurity, and IT worlds.

Businesses can partner with Per Scholas to craft upskilling courses to meet their evolving business needs. Murrey explained that Barclays was able to partner with Per Scholas to create a cybersecurity curriculum tailored to the bank's specific needs. The course now feeds a talent pipeline that hiring managers can draw from. Per Scholas is constantly updating its course offerings and providing new skills pathways based on changes and advances in the tech and IT worlds.

Employers can create new processes and ways for their companies to identify the people they employ who are ready to upskill or grow. "In a survey we conducted last year of over 500 decision-makers, 98% of executives were more likely to prefer a candidate who has upskilled or acquired new competencies in their field," Murrey said.

Increasingly, upskilling programs are being recognized for their ability to create job seekers who can "stay competitive in the future job market. I would say lifelong learning is no longer a luxury but a necessity for both employees and business leaders alike," Murrey said.

Not only is this strengthening talent, it's also helping costs: "You think about a person that was maybe hired into a role at a tech company

20 years ago doing work that may soon become obsolete," Murrey said. "Instead of removing that person from the workforce, it's cost-effective to simply upskill them and allow them to engage in training outside of regular business hours that is more asynchronous and self-paced."

For his part, Chatman is excited to continually reflect on his skills and explore ways to advance as an IT professional by signing up for new courses and pursuing new avenues.

"I don't pigeonhole myself into saying, 'I want to pursue XYZ,'" he said. Instead, he views his skills and the larger industry more openly, flexibly, and creatively.

"I'm like a kid in a candy store," he said. "I'm looking to see what [Per Scholas] offers, and I match it against what's prominent in the world today, and that's what I pursue in that particular time."

Employees with opportunities like Chatman's can substantially strengthen industries. Talent can become outdated and irrelevant when companies rely exclusively on employees' previous credentials and education. By supporting employees in continually seeking, exploring, and accessing new skills and knowledge, companies ensure their workforce remains fresh, sharp, and highly prepared for whatever industry developments are on the horizon.

## Looking Ahead, Limitless Growth for the Workforce

Today, Chatman counts his role at Barclays as the most fulfilling he's ever had — but he's still pursuing his "dream job."

"This is far and away the best position I've been in during my professional career," he said. "My dream job is when I'm at the top of the mountain. I'm looking to go higher, and from my perspective, that will never stop."

Per Scholas continues to provide Chatman with community, mentorship, and accessible education, demonstrating that education doesn't end when you land the job. It's just the beginning.

Employers like Barclays that embrace this model of employee growth cultivate a more fulfilled and driven workforce as well as the specific skills and talent they need to advance their industry.

“It has no limits,” Chatman said. “There are no boundaries. ... They lay the tools that you need out in front of you and show you how to use those tools. The only thing you have to bring is the desire.”

*Per Scholas is supported by the Charles Koch Foundation, which, as part of the Stand Together community, funds cutting-edge research and helps expand postsecondary educational options.*

# How a Streamlined Approach to Education Funding Could Empower America's Workers

Featuring Third Sector

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*Policymakers have access to a clearer way to tackle postsecondary education funding.*

The employment market has changed significantly in recent decades. It's time for the postsecondary education funding options to catch up and diversify.

That's the message that Third Sector, a nonprofit seeking to transform public systems to advance equity and improved outcomes, wants policymakers across the United States to embrace and translate into policy.

College is increasingly unaffordable for most Americans, but that's only part of the problem in postsecondary education. The federal loan system meant to address affordability often leaves students with crushing debt and no clear path to a fulfilling career and good employment outcomes. Furthermore, today's workers must continuously learn to maintain and broaden their skills and aptitudes to navigate employment opportunities in a dynamic technology- and innovation-driven society.

To meet these challenges, a simpler and more innovative marketplace of postsecondary education finance options is a necessary alternative to the federal student loan system. This will enable workers to pursue meaningful careers and empower them to contribute to society.

Third Sector proposes a clear, streamlined approach to postsecondary financing. First



introduced at the National Conference of State Legislatures 2024 Legislative Summit in Louisville earlier this year, the six principles of this framework are meant to inspire policymakers and innovative finance providers as they work to make today's dynamic postsecondary education marketplace more accessible to all learners.

“Policymakers are creating and implementing policies that matter to the constituents in their communities,” said Caroline Whistler, CEO of Third Sector. “And yet, our postsecondary financing system as it is currently structured is not getting ideal outcomes.”

She further added, “We have an opportunity to simplify rather than add as we think of how to do more and how to do better. We have an opportunity to create a reality in which everyone, no matter their race, background or circumstance, can pursue the education and



learning they want without the fear of debt — where ongoing learning and training is a choice for everyone.”

## **A Simple Framework for Funding 21st Century Postsecondary Education and Workforce Development**

Across society, there is growing openness to rethinking what it means to be work-ready or work-capable; the movement around dropping unnecessary degree requirements for state jobs is just one example. Third Sector sees postsecondary education funding as the next area ripe for reform. And it wants to make it simple for policymakers and innovators to seize the moment.

The new report, “Envisioning a Simpler Future for Funding Lifelong Learning in a Modern World,” offers recommendations for simplifying and streamlining the postsecondary education financing system. The aim is to

provide clarity and simplicity for learners, workers, employers, and policymakers focused on ensuring postsecondary education opportunities are accessible to everyone. The Third Sector framework is so straightforward that the first letter of each principle spells its name: SIMPLE. There are already innovative finance models that reflect the principles in this framework, but they can often be siloed and difficult to access in today’s overly complex funding system. In its report, Third Sector highlights three models that focus on ease of accessibility for learners:

- **Individual Development Accounts:** A matched savings account designed to help low-income individuals build assets for specific purposes, including education. Matching funds are provided through a combination of state governments, foundations, and the private sector (previously, these accounts leveraged federal funding as well).

**S**

### **STRAIGHTFORWARD**

Opening an account should be easy and available to anyone.

**I**

### **INFORMED CHOICE**

Individuals should have the agency to pursue training and education according to their career goals.

**M**

### **MATCHING**

Anyone should be able to match or contribute to the account, including families, employers, government, and philanthropic partners.

**P**

### **PORTABLE**

Individuals should have sole ownership of their accounts and be able to access funds without restriction.

**L**

### **LIVING EXPENSES**

Living expenses and wraparound supports associated with obtaining a degree/credential can be covered for people for whom it would otherwise prevent participation.

**E**

### **EQUITABLE**

Options should be available to stack incentives to improve access for priority populations.

- **Earn to Learn:** A matched savings scholarship program launched in Arizona by the nonprofit Earn to Learn, in which individuals set aside up to \$500 per year and qualify to receive an 8:1 match of up to \$4,000 per year. Funds may be spent on living expenses in addition to tuition, fees, and materials, helping students overcome a key barrier to postsecondary education.
- **Skill Savings Accounts:** Portable and flexible worker-centered savings accounts that could receive contributions from employers, workers, family and friends, government agencies, tax authorities, and community investment organizations. As imagined, accessing funds in an SSA would be as easy as using a debit card to purchase a wide variety of quality upskilling and reskilling opportunities, which can then be documented and verified in a digital wallet like a learning and employment record.

“The postsecondary education funding system was built up over time, fluctuating with trends in policy and program needs, as it should,” explained Dr. Joy Coates, managing director of post-secondary opportunity at Third Sector.

“However, it is not working as a cohesive ecosystem to drive toward specific outcomes for learners. If we’re to have a truly robust and equitable economy that thrives in the 21st century and provides the kinds of jobs that enable true economic mobility for families, then simplifying our postsecondary financing is one of the most important steps we must take.”

Some people have looked to canceling student loan debt as an immediate solution, but it does not address access or affordability — nor does it ensure better employment outcomes

for students. The more impactful opportunity ahead is streamlining postsecondary education financing altogether. Designing solutions around the SIMPLE framework allows for a more adaptable postsecondary education financing ecosystem now and in the future.

“Government postsecondary education funding is a one-size-fits-all model designed to encourage college-going, but the future of work is anything but college-centric. Today’s learners want access to options beyond degrees and they need the finance tools to make that possible,” says Dr. Steven Taylor, director and senior fellow for postsecondary education and the future of work at Stand Together Trust.

“What if learners shopped for education and training with their education dollars like consumers shop for health care goods and services using their Flexible Spending Account funds? Learners would have access to a vast marketplace of options and total agency over where and how they spend their education funding. It would be game-changing. This is the sort of transformation we need in postsecondary education to empower every person to reach their full potential.”

*Third Sector is supported by Stand Together Trust, which provides funding and strategic capabilities to innovators, scholars, and social entrepreneurs to develop new and better ways to tackle America’s biggest problems.*



Scan the QR code to learn more about Third Sector’s streamlined approach to public funding.

# Why Modernizing the Pell Grant Is Both Possible — and Vital

Featuring Merit America and Steve Taylor, Thought Leader

*This federal program hasn't changed in decades. It's time for a fresh start.*



The Pell Grant is one of America's signature education investments, providing low-income students with funding to pursue higher education — as long as they are seeking a traditional four-year college degree.

In a piece published last October, Steve Taylor, Stand Together's director and senior fellow for Future of Work, shared the experience of Alix Petkov, a student who received and used Pell Grants in an attempt to attain a college degree. He switched majors twice and eventually quit college altogether, realizing that skills-based certification courses would better equip him to pursue a career in IT. By then, however, Petkov had accumulated nearly \$20,000 in debt. "Like millions of other learners, Petkov was forced into an outdated and bureaucratic model of higher education that's not designed for how people navigate learning and work today," Taylor said.

Initially created as part of the Higher Education Act of 1965, the Pell Grant provides need-based funds from the federal government to low-income learners on a yearly basis. Unlike student loans, they don't have to be repaid, thus making higher education accessible to many who wouldn't otherwise be able to afford it.

Over the decades, the financial assistance the grant provides has waned due to soaring college costs. The current maximum funding amount per school year is \$6,895, but the average cost of tuition for a year at a public or private college is anywhere from \$10,662 to \$42,162. The federal response has been to increase funding for the Pell Grant — but that's putting attention on the wrong solution.

Rather than funneling more taxpayer subsidies to colleges, Taylor said, the grant itself should be reworked to adapt to today's broader and more individualized landscape of education options. As it stands, the Pell Grant offers a narrow, one-size-fits-all approach to education — but that's simply unacceptable when so many high-quality college alternatives exist.

The marketplace for skills, learning styles, and education pathways has made it clear that a four-year degree is far from the only option that should be accessible to students. However, low-income students who rely on the Pell Grant to access higher education are excluded from

exploring routes that are better tailored to their goals and interests because of limitations on where students can use the funds.

“As a first-generation college student and Pell Grant recipient, I understand firsthand the value of the grant,” Taylor said. “It’s society’s down payment to open the door for individuals from low-income backgrounds to pursue higher education. And the grant served its intended purpose — it has opened the door to opportunity for millions of Americans — but what we’d like to see is a marketplace where students can use their Pell dollars for college or any higher ed alternative option that helps them achieve their expected outcome.”

As the price of a four-year college rises, some employers are creating roles that don’t require degrees. Vocational training, certification programs, sub-degree credentials, or any combination of these offer more flexible options that can meet different learning styles and strengths. If the Pell Grant follows suit and supports access to college alternatives, it could reinvigorate the education landscape and create more avenues for individuals to pursue purposeful work.

Employers also stand to benefit by having access to a wider pool of skilled talent to fill crucial roles. At its core, more flexible use of the Pell Grant would empower a generation to strengthen their unique talents and realize their full potential.

### **About That College Degree of Yours ...**

Rising student loan debt is leading more Americans to question the value of that diploma. Add to that a vastly different post-COVID education landscape, and the four-year degree just isn’t cutting it anymore.

Roughly 40 million Americans currently hold around \$1.6 trillion in student debt. The average person is grappling with around \$39,000 owed for their four-year degree.

Increasingly, that debt isn’t translating to students earning back what they spent any time soon. It’s estimated that about 60% of emerging jobs will not require a bachelor’s or associate degree. Two-thirds of Americans believe that employers value skills much more than degrees when hiring new employees.

With the traditional route far too expensive and less professionally valuable than it once was, students, workers, and employers alike are turning their attention to degree alternatives. Trade schools, sub-degree programs, apprenticeships, and technical certifications are all quicker, less costly, and more directly applicable than a four-year degree for many jobs.

The problem is that low-income learners are locked into degree pathways because of government guardrails that effectively proclaim college is the “safe” choice. Federal student aid programs, including the Pell Grant, heavily favor a college-going route, and without other financial support available to them, many low-income students are forced to make an either-or choice: pursue a college degree or risk no postsecondary education.

“Rising college costs and pervasive underemployment of college graduates has led many people to question the value and relevance of a college degree,” Taylor said. “Low-income students who don’t have access to alternative financing or don’t have the disposable income to pay for outside education or training themselves are locked out,” effectively restricting choice for low-income learners. “You can go to college. Other alternatives are not accessible or open to you, even if you want to pursue them.”

This doesn’t mean that a four-year degree is wrong for everyone. Nor does it discount the socioeconomic benefits of a degree over one’s lifetime. But a degree does not need to be the first or only option available to learners. We must end the “us vs. them” mentality around opening the Pell Grant to alternatives and

instead see it as broadening the landscape with multiple learning pathways that will narrow opportunity gaps.

Enabling students to use Pell Grants for skills-based credentials and other noncollege pathways empowers them with the autonomy to discover their interests and develop their skills and aptitudes through options aligned with their learning styles, goals, and timelines.

So why should the country's most prominent postsecondary education investment be one-size-fits-all? It shouldn't.

### **With an Expanded Pell Grant, Both Workers and Employers Win**

Students aren't the only ones who stand to benefit from a more flexible approach to the Pell Grant. Employers across all sectors have reason to invest in making alternative education more accessible and affordable to learners.

Improving access to skills-based education opens opportunities for a broader swath of the population to realize their full potential. That in turn benefits employers, who can access a wider pool of skilled talent to fill needed positions. Skills-based credentials enable individuals to more quickly obtain meaningful work, and when they feel valued for their contribution, it improves employee retention and job satisfaction.

Taylor suggested an education-to-work ecosystem in which employers openly collaborate with education providers to design and develop programs that connect students with job opportunities. For instance, skills-based learning programs like Pursuit and Per Scholas have long-standing relationships with major companies, allowing learners who complete their programs to immediately connect with potential employers.

"It's mutually beneficial," Taylor said. "The learner is getting a career-connected education,

in some cases real-world experience. Employers are getting somebody who they know is showing up with the skills they need and the skills they trust because they've had a direct role with these providers in their curriculum, the certifications, or the credentials."

Unlike traditional four-year colleges, these alternative education options are often more flexible than degrees and evolve to meet changing labor market demands. As industries shift, employers know the workers they're hiring have received an education grounded in the current realities and needs of their businesses — not a static, years-old curriculum.

Broadening Pell Grants to be more inclusive could influence hiring mindsets. Instead of valuing individuals based on a degree they may or may not have, employers would more readily look at workers' unique talents, passions, and desires to contribute. It moves us toward an education and work ecosystem that recognizes the dignity of every individual and values their ability to contribute to society rather than minimizing them to a piece of paper.

Education is about far more than just getting a job: It's about finding purpose, empowering individuals to contribute in their communities via work and civic participation, and living a life of meaning and purpose.

### **What the Pell Grant Could Become, and How To Get There**

Why isn't a truly learner-centered Pell Grant an option?

Many lawmakers hold that traditional college degrees are a "safe bet" because they're accredited, meaning they effectively have a government stamp of approval. According to Taylor, lawmakers feel more comfortable allocating funds toward degrees because college degrees have resulted in economic opportunity for millions of individuals over several decades (in the form of graduates attaining decent jobs and earning living wages).

Still, millions of learners who pursued the “safe” college option didn’t reap any benefits: They have debt with no degree or a degree that left them underemployed and unable to pay back their loans.

The government-approved option — accredited colleges — has failed millions of learners. It’s time to consider other options that may not conform to the government’s “safe” pathway. Taylor noted that for lawmakers to consider expanding the Pell Grant, they will likely first require proof that doing so will deliver good outcomes.

That’s both an exciting opportunity and a call to action. Communities can make an expanded Pell Grant a reality faster than if it were left up to a slow-moving bureaucratic system. Change starts with communities and partnerships at the local and state levels. Lawmakers and philanthropists can use more flexible funding to support alternative education programs and demonstrate those programs’ effectiveness in putting individuals on paths of economic prosperity.

“We can’t wait,” Taylor said. “We have to create the conditions for innovative finance models, for the private sector to show up with outcome-based loans or skills savings accounts to make these possible, because otherwise for 10 years low-income students are just going to be locked out of these pathways.”

If we do succeed, the effects could be transformational.

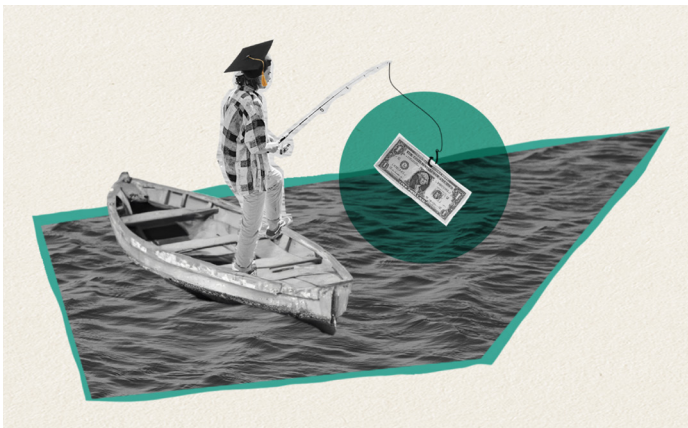
“Right now, degrees and colleges are the means and the predominant signal that somebody has the skills needed to succeed in the workplace,” Taylor said. However, if we meet the moment to collaborate on bottom-up solutions, “we’ll move into an economy where skills become the currency, and people acquire skills in multiple pathways or settings. Maybe it’s not a formal learning opportunity at all. Maybe it’s a blend of college and alternative providers, but it’s going to flip the paradigm. Colleges and universities won’t hold the power.”

*The Stand Together community partners with changemakers who are tackling the root causes of America’s biggest problems.*

# How Shaking Up Student Loans Would Benefit Workers and Business

Featuring Merit America, Per Scholas, and Better Future Forward

*More innovation and accountability would open students up to alternative models and meaningful work.*



Talk to most recruiters, hiring managers, and business owners and you're likely to hear they are struggling to find job applicants with the right skills and a desire to contribute to the company's mission.

Regulations like Title IV (more on that later) hobble innovative models to train workers and prevent students from accessing non-degree education programs that would help them prepare to enter in-demand fields. This problem contributes to the labor market mismatch where companies cannot find enough skilled workers and people cannot access the pathways needed to enter them.

The good news: Innovative financing models that tie tuition repayment to employment outcomes are expanding the pool of qualified talent for businesses. Injecting our current system with better, more accountable ways to pay for education expands the availability of alternative learning models that will deliver better job outcomes for students.

Plus, by expanding educational options, individuals will have more opportunities to fulfill their potential and see their work as meaningful. This makes them more contribution-minded employees and leads to better employee retention.

## **Three Innovative Education Finance Models Offering a Better Way for Learners and Businesses**

Innovators are finding ways to disrupt our top-down system and provide students with the capabilities they need to succeed in critical industries — without leaving them with insurmountable debt.

When students pay tuition that is tied to enrollment and doesn't successfully equip them with the right skills and mindset, schools aren't incentivized to develop programs that meet the needs of businesses and students. This leads to a "train and pray" model in which students graduate without strong connections to employers and lack certainty that what they learned will be valued.

Education finance innovators are collaborating directly with employers to ensure their programs are tightly aligned with the skills companies need to thrive. Another aspect of these programs is that students repay tuition based on eventual income, incentivizing education providers to provide training that matters most in the workplace.

## 1. Pay It Forward Model

Merit America offers low-cost programs that prepare people for careers in fields like cybersecurity and data analytics. There are no upfront costs for their programs — the organization uses a pay-it-forward model that bases loan repayment on learner outcomes.

Learners pay back the cost of the program, which ranges from \$5,700 to \$8,400, only after they land a job and make a minimum salary of \$40,000. If their income drops below this at any point, their payments pause. The Merit America Guarantee also stipulates that if a learner has not secured family-sustaining employment after two years, they do not have to pay for the program at all.

## 2. Loans for In-Demand Training

To ensure that the right career is accessible to everyone, Per Scholas covers the cost of all supplies a learner may need including lab materials and textbooks, fees to take certification exams for industry credentials, financial coaching and job-attainment support. The only cost to the learner is time, but unlike most traditional programs, those offered by Per Scholas take only two to four months to complete.

That worked for single mother Shante Austin, who wanted a career in software engineering, but could not afford any of the traditional programs available in her area. Today, Austin is a full-time software engineer in the automotive industry. “It wasn’t easy, [but] it was worth it,” Austin said. “I graduated debt-free and could be an example to my daughter.”

## 3. Income Share Agreements

Under an income share agreement (ISA), an education provider or a funder agrees to cover learning costs, fully or partially, in exchange for a portion of the student’s post-graduation income. That share is usually around 10-15% of the graduate’s salary over a 3-year period, but

it is payable only if a graduate earns an agreed-upon minimum salary. These models ensure educators are incentivized to prepare their learners for meaningful work after graduation.

Better Future Forward’s (BFF) Opportunity ISA provides students between \$1,000 and \$5,000 to access training options that would have otherwise been out-of-reach. The amount graduates pay back is based on how much they are given initially and their eventual income.

Importantly, ISA payments are not fixed over a period of time. Monthly payments fluctuate based on their income. Payments also can be paused during times of unemployment, so there is a failsafe for unexpected life circumstances. BFF primarily serves historically marginalized students. Eighty-one percent of its recipients are first-generation college students, for example.

Other “skin in the game” models include FreeWorld, a program that prepares formerly incarcerated individuals for work in the trucking industry. FreeWorld participants only pay back the costs associated with their training once they earn \$3,000 a month in net income working in the trucking industry.

## How Title IV Stands in the Way Of Progress

Students and businesses stand to benefit from a more open marketplace of alternative education models, but current regulations that limit funding are holding them back.

Currently, Title IV, the law that governs federal student aid funding programs, does not allow learners to receive grants or loans if they are enrolled in alternative learning programs.

Education innovator Burck Smith said this framework leaves 550,000 postsecondary credentials, including certificates, badges, licenses, and certifications, outside the Title



IV system. Many of those programs can help learners acquire the skills employers need. Modernizing Title IV regulations would allow learners to access federal financial support for more than just a four-year degree.

For many Americans, going to college helps them build valuable skills based on their natural interests and aptitudes and, eventually, find meaningful work. Not every person needs a four-year degree to contribute, however.

New models for learning allow more learners to become career-ready without going into debt. By removing the financial barriers to learning, we will unlock the potential of many motivated students by helping them find and succeed in the jobs that employers need to compete in a rapidly changing economy.

*This article originally appeared on Forbes BrandVoice.*

*The Stand Together community partners with changemakers who are tackling the root causes of America's biggest problems.*

# When Student Loans Didn't Work, 3 Learners Used These Innovations to Fund Their Education

Featuring FreeWorld and Better Future Forward

*Student loans do not work for everyone, yet many feel they have no choice. These success stories show a world beyond student loans is possible.*

Following his release from prison, John faced many barriers that kept him from landing a good-paying job. No matter what he did, he was always halted at the background check. Thankfully, he found FreeWorld, an education program that leverages a creative finance solution to help formerly incarcerated inmates gain the skills to land well-paying jobs as truck drivers.

This path accelerated John's path to self-sufficiency and making a meaningful contribution to society. Regretfully, his story is an exception to the rule.

Under the current policy environment, incentives generally steer students to pursue a college degree and take on student debt with the promise that it'll be a worthwhile investment. Sadly, for many students, this one-size-fits-all solution does not pan out and students are left with debt and, only sometimes, a degree. The status quo model fails to empower people like John to pursue individualized education paths and leverage their skills and aptitudes to pursue purposeful work.

We don't have to settle for the status quo. To empower people, we need an open marketplace of alternative education models and finance options that make college alternatives accessible



to all students. Solutions must empower, not restrict, students to choose the options best suited to their preferences and goals, not simply offer them the solution of debt with the hope of a degree.

Students like John can access college education alternatives like FreeWorld because innovators are finding better ways to finance education that don't rely on traditional loans and grants, and align financial incentives with a program's outcomes. Scaling innovative finance options will expand opportunities for both learners looking for alternative education options as well as degree-seeking students who want an alternative to government loans.

The good news is that many learners are already using innovative finance models to access the education they need to contribute.

The stories of John, Danielle Peck, and Abe Gonzalez show how innovative financing enabled them to start the next chapters of their lives.

## **Innovative Finance Helped John Get His Life Back on Track After Prison**

Before FreeWorld, no employer was willing to give John a chance at a job that paid more than minimum wage

“FreeWorld changed my life. I landed a job within one week,” John said. “With short-term training and a quick path to employment, I’m already successful, all thanks to FreeWorld.”

The change in income is nothing to scoff at. Truck drivers make a median pay of \$50,000 annually.

FreeWorld is changing the lives of people like John by reinventing how students finance their education and training. Individuals going through FreeWorld’s program receive \$1,500 while in trucking school to help with living expenses. In exchange, graduates pay \$150 of their monthly income over 24 months after graduation and finding employment.

FreeWorld uses an innovative pay-it-forward model, a form of outcomes-based funding in which students repay their loans based on how much they earn. They are only required to make the \$150 payments if they achieve a minimum income threshold of at least \$3,000 a month. This model allows FreeWorld to help more learners reinvent themselves.

## **When Peck Faced a Dead End, an ISA Enabled Her To Succeed**

Two semesters before finishing her media degree, Danielle Peck ran out of federal student aid and couldn’t afford to continue her education.

“I literally did not know what to do. My parents were not able to help me. I had to go full-time



at my job, yet that was not going to be enough because I can’t just go to school, I still have bills to pay, buy groceries, and other expenses.” Peck recounted.

That’s when Peck’s advisor told her about Better Future Forward (BFF) and its unique finance tool, and income share agreements (ISA), which helped when the status quo — federal financial aid — left her stranded.

After finishing her last semester, Peck walked across the commencement stage and was overcome by tears of joy.

While student loan borrowers owe an average of \$28,950, Peck did not graduate with a fixed student debt balance she would need to repay. Instead, the ISA that helped fund her education offered her flexible repayment terms based on her income after graduation, but only if she earned a living wage. The ISA model aligns the incentives, so students only pay back a loan when their academic program pays off and they land a good job.

“If you don’t make a certain amount of money within a certain number of months, then you won’t have to pay it all,” Peck said. “If someone has a large income share agreement and now they lose their job, ISAs give people protection, so you don’t have to worry about this coming back to haunt you later.”

Peck’s hard work paid off. She now works as a marketing specialist at an apartment residence, earning a livable wage that enables her to start repaying her ISA later this year.

## **ISAs Helped Abe Gonzalez Get an Education Without Sacrificing His Future**

Abe Gonzalez is a pioneer. As a DREAMer — an undocumented immigrant who was brought to the United States as a child — he doesn't let barriers get in the way of achieving his goals.

Yet, in his last semester of college, he faced a hurdle he was unsure he could overcome. His financial situation changed, and he couldn't afford to finish his degree in languages and interpretation. His options were to take time off from school, work double-time, or take another loan to pay for his education.



After learning about BFF, Gonzalez applied for an ISA and his options opened up.

“It was great to know that I could do all this without putting my education on hold or burdening other people on my life,” he said. “It felt like I got a weight lifted off my shoulders, instead of focusing necessarily about the amount of money I had to pay, I could focus just on my studies, getting the good grades and finishing off strong.”

The best part is Gonzalez did not have to sacrifice his financial future to get an education.

“They don't go against you as much as a normal loan, they are a little more flexible. They base it off what you earn and how successful you are after you get your degree,” he said.

Since finishing his degree, Gonzalez has worked both within and outside his career field as a teacher. The ISA repayments are not a burden on his finances, they are “more than manageable,” he said.

While Peck, Gonzalez, and John have different backgrounds, aptitudes, and interests, their stories share something in common. They show the promise of innovative finance models in helping students access education to pursue their goals without being saddled with traditional student debt.



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