

# ***Welcome to the 2020 Alliance Webinar Series***



**Wednesday, June 3, 2020 at 1:00 PM MT  
Higher Education and American Economic Mobility  
Amid COVID-19**



**Ryan Craig, Co-founder and Managing  
Director of University Ventures**



**Peter Quigley, Professor at  
University of Hawaii at Manoa**

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# Higher Education and American Economic Mobility

June 2020

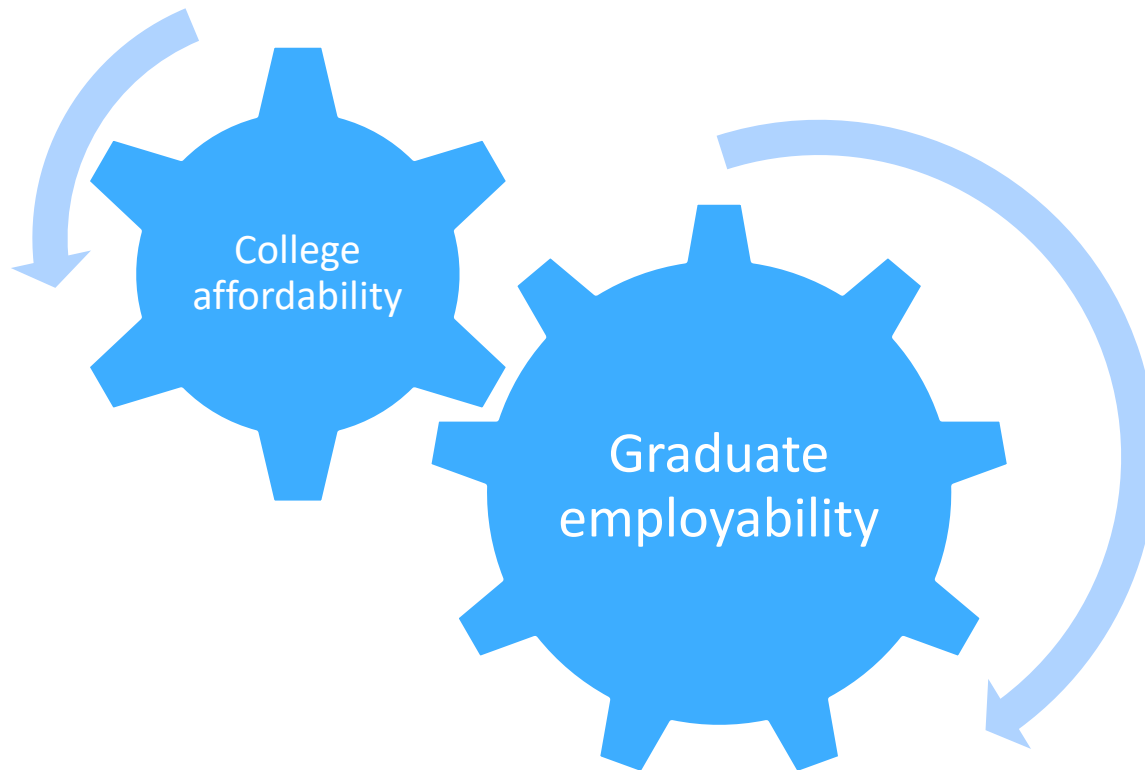


# Even Before Covid, Millennials Fell Behind

- Wealth
- Income
- Housing
- New business creation

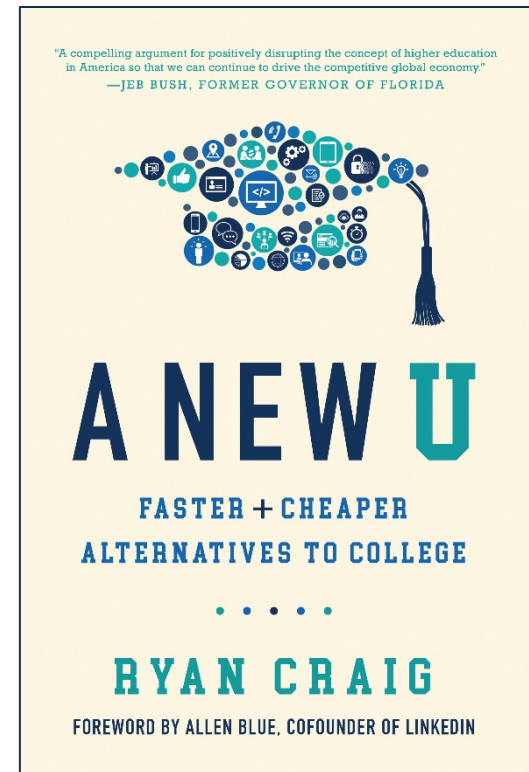


# Twin Crises Lead to Poor Economic Outcomes



# Graduated into Underemployment

- **Samantha Wolverton**
  - George Mason international relations with minor in software engineering; worked in restaurant for a year after graduating
- **Christina DiMartino**
  - Mediocre grades in high school, then worked as waitress
  - Enrolled in business program at community college, dropped out
  - Attended for-profit college, got low-paying job as medical assistant
- **Morgan Combs**
  - Degree in psychology, then worked in restaurant
- **Yasmine Sadid**
  - Kent State computer science; best job was as realtor's assistant
- **Wendy Pei**
  - Graduated from SF State, then worked in restaurants and retail for a decade
- **Jeffrey King**
  - Completed AA degree at CC, then worked as a waiter
  - Returned to UNLV to earn degree in actuarial sciences, still couldn't get a job



# Crisis of Underemployment

- Not unemployment, as student loans causing graduates to take first job that allows them to make loan payments.
- But “underemployment”:
  - Federal Reserve Bank of NY estimate: 45% of new college grads are underemployed.
  - Nearly 5M working part-time, would like full-time
  - Underemployed earn \$10k less p.a.
  - Strada/Burning Glass finds pernicious persistence: 2/3 are still underemployed after 5 years, and 1/2 after 10 years.
  - Strada/Gallup survey: landing a job before graduation makes you 2.4x more likely to eventually exceed \$60k vs. waiting (which leads to underemployment).

## The Permanent Detour



# Now Crisis of Unemployment

- 40M Americans out of work.
- Most jobs should return, but many will not:
  - Retail
  - Food service
  - Hospitality
  - Travel
- For millions of newly unemployed workers, it cannot be the case that their best (or only) option is to re-enroll at colleges and universities – sitting in classrooms for multiple years and incurring student loan debt without any guarantee of gainful employment.





# Most Significant Change in Higher Education



- Only ~50% of matriculating students reported that their primary or sole motivation for commencing postsecondary education was employment/income related.

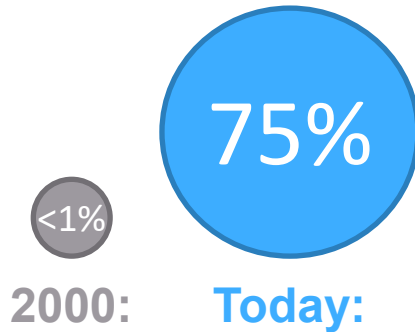


- 90%+ report primary or sole motivation is employment/income related.

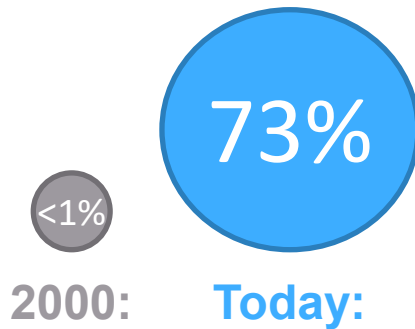


# But Not Entirely Higher Education's Fault: Mechanics of Hiring Have Changed

Hiring managers that use ATS:



Companies that used social media to recruit:



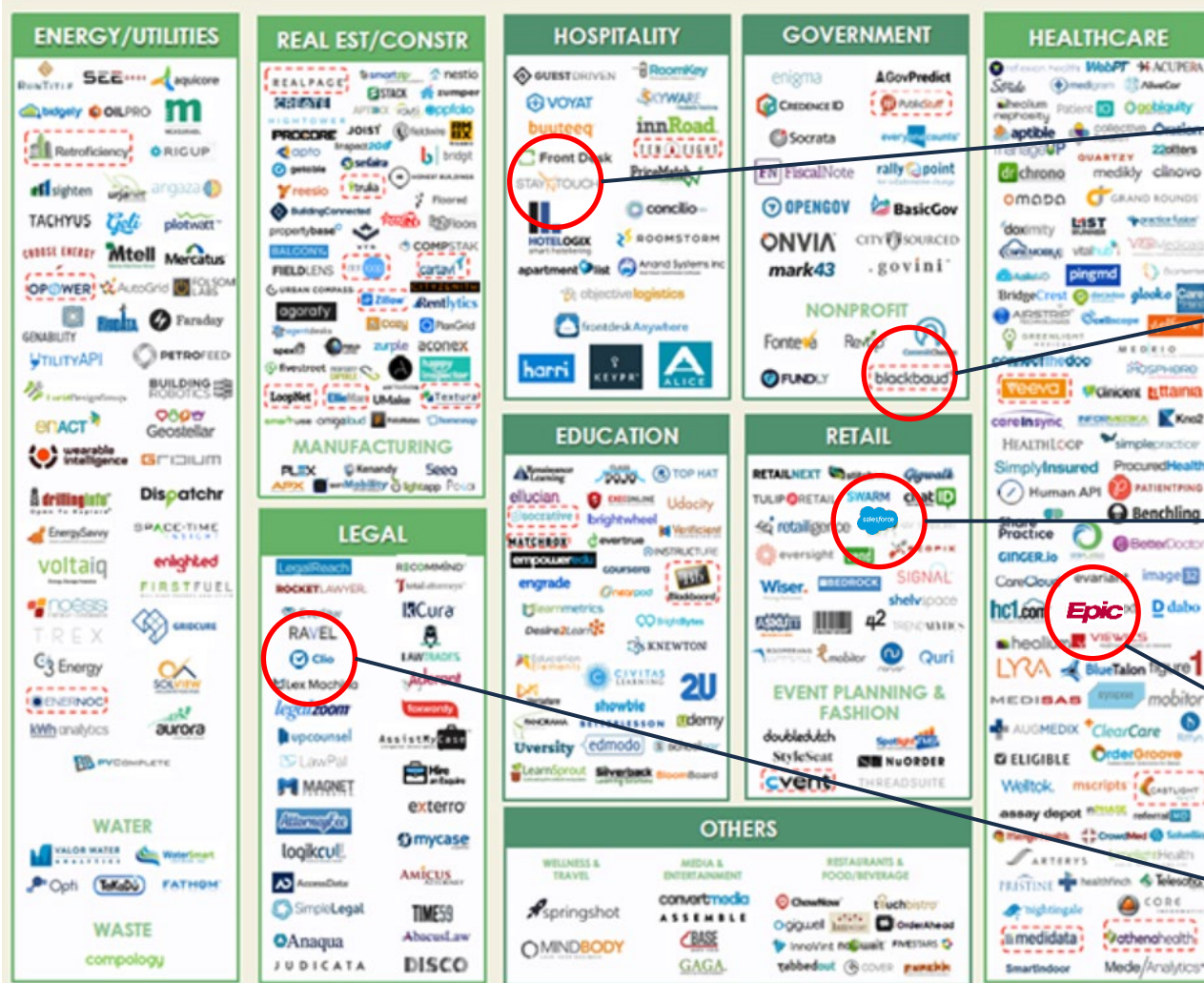
Most popular application mediums:



# Why Are Employment Outcomes Worse? Proliferation of Technical Skills

<b>Career Area</b>	<b>Technical Skills Specified</b>	<b>Cognitive and Soft Skills Specified</b>
Information Technology	75%	25%
Healthcare	74%	26%
Engineering	71%	29%
Life/Physical Science and Math	68%	32%
Manufacturing and Production	68%	32%
Design, Media, and Writing	66%	34%
Research, Planning, and Analysis	65%	35%
Personal Care and Services	63%	37%
Finance	62%	38%
Marketing and Public Relations	62%	38%
Management and Operations	61%	39%
Education and Human Services	60%	40%
Hospitality, Food, and Tourism	59%	41%
Sales	59%	41%
Human Resources	57%	43%
Clerical and Administrative	57%	43%
Customer and Client Support	49%	51%

# What Are These Technical Skills?



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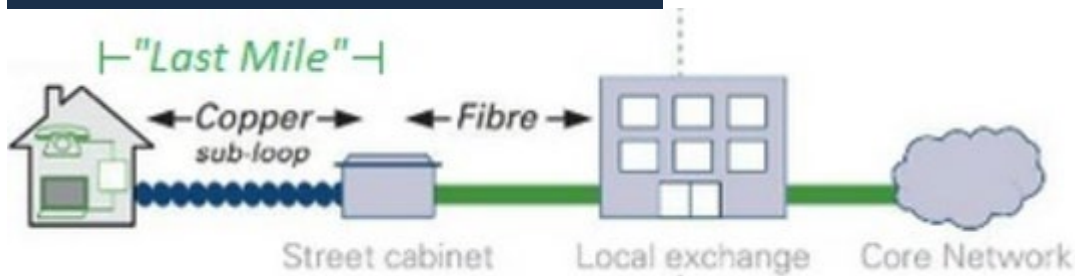
salesforce

Epic

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# Last-Mile Training

## Borrowed from Telephony



- Hardest + most expensive to build
- Therefore most valuable segment
- Basis for natural monopoly

## Talent Market Correlation



### 1. Digital training

- Minimum: Ensures candidate no longer filtered out of ATS
- Maximum: Offers training and experience on exact SaaS platforms employers utilize



### 2. Soft-skills training

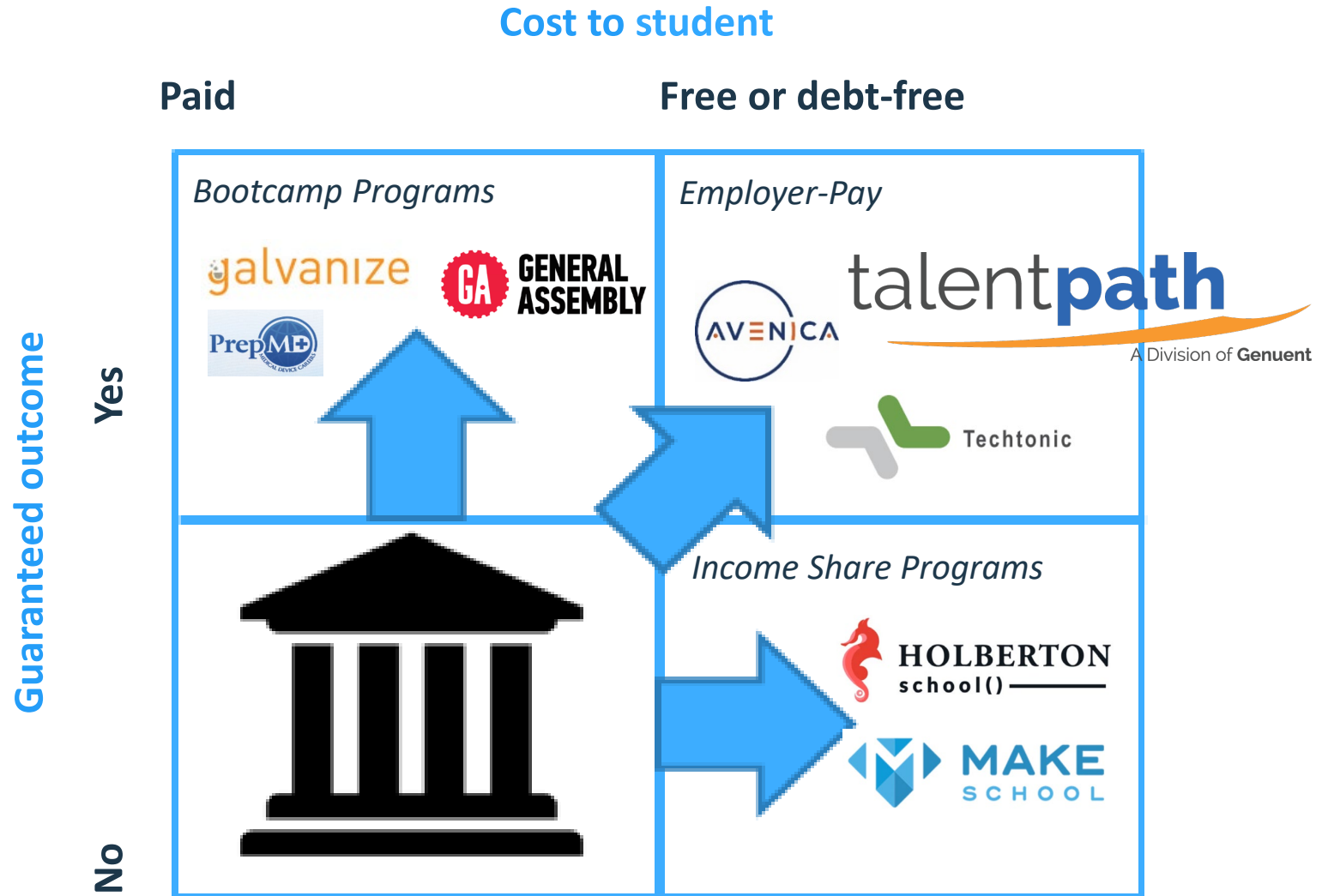
- Real project work in work-like setting furthers teamwork, communication, organization skills
- Interview preparation and training



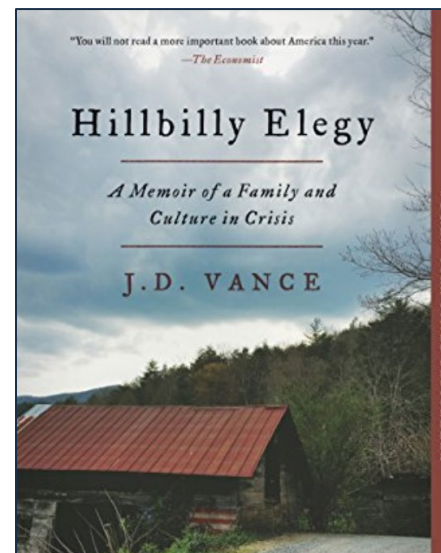
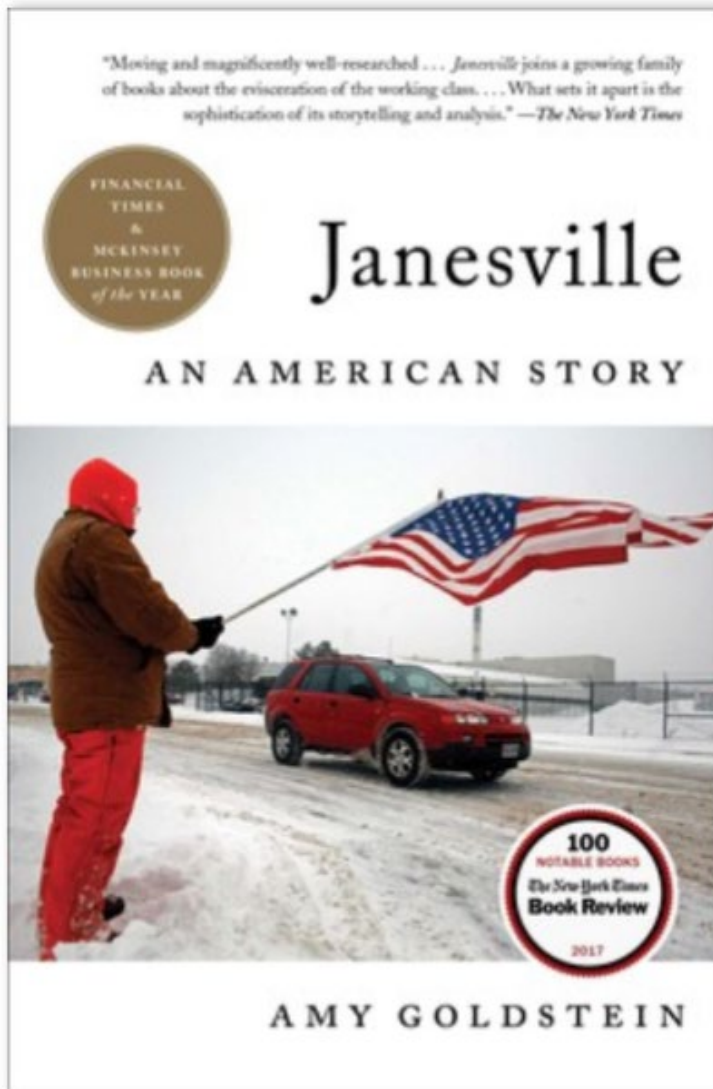
### 3. Absorbing frictions

- Absorb education frictions by eliminating upfront tuition and guaranteeing employment outcome
- Absorb hiring frictions by funding training + providing employers with opportunity to try before they hire

# LMT Can Provide Better Value to Students



# Should College Classrooms be the Only Path?



*“It’s like our politicians think college is the only way... For many, it’s great. But a lot of our kids have no realistic shot of getting a college degree.”*



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SITEMAP

# Your Faster & Cheaper Path To A Career

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Not Sure

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 2,510

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 42,266

College Alternatives On This Site

 19,829

Open Jobs Not Requiring College Degree





# The Promised Land



# In Faster + Cheaper World, Have We Passed “Peak Credential”



Second, third employers care more about first job and demonstrable achievements and competencies.

- More likely in world where achievements and competencies are archived and accessible digitally

# Policies to Put America Back to Work



- 1) Launch HealthCorps
- 2) Make Workforce Boards Relevant
- 3) Facilitate Shift to Skills-based Hiring (adverse impact)
- 4) Support Digital Credentialing
- 5) Focus Community Colleges on Jobs
- 6) Short-term Pell for Employer/Industry Partnerships
- 7) Zero-based Occupational Licensure
- 8) Solve for Apprenticeships
- 9) Shifting Funding from Education to Placement
- 10) But Still Make Colleges and Universities Help by:
  - a) Establishing a Single Student Unit Record
  - b) Reforming Work-Study
  - c) Integrating Real Work Into Coursework
  - d) Turning Degree Programs Upside-Down
  - e) Tracking Employment Outcomes