

**Written Testimony of Dr. Karin Kimbrough
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House Committee on Education and the Workforce

“Competencies Over Degrees: Transitioning to a Skills-Based Economy”

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Chairwoman Foxx, Ranking Member Scott, and Members of the Committee: thank you for inviting me to testify today.

My name is Karin Kimbrough, and I am the Chief Economist at LinkedIn. I lead a team of economists and data scientists dedicated to understanding how the world of work is evolving. We study workplace trends, the opportunities for career starters, and the relative availability of work across multiple industries worldwide. I have worked in the public and private sectors on macroeconomic research and finance for over 20 years, including nearly a decade at the Federal Reserve Bank of New York, where I was a vice president in the Markets Group. I appreciate the opportunity to share insights from our extensive research. An area of particular focus, and relevant to today’s hearing, is our research on understanding how we as a nation can better match talent to jobs to enhance outcomes for individuals and organizations alike.

Let me begin by highlighting the story of a worker who over the past few years has been employed as a Help Desk Technician where she has been quickly acquiring an entirely new set of digital skills. Ideally, she would be able to leverage these new skills to advance to become an IT Manager, which pays more and provides better benefits. However, in her quest for a new job, she finds she is consistently shut out of being considered even for an interview. Not because of her lack of skills, but instead the lack of a college degree. She is why I am here today to speak with you. But let me backup and explain why we at LinkedIn feel her plight and millions like her must be addressed for the good of all workers and our nation’s economy.

Since 2003, LinkedIn has pursued a clear, yet bold vision: to create economic opportunity for every member of the global workforce. We pursue this vision by connecting workers to make them more productive and successful. Our members publicly share their detailed professional profiles – essentially their resumes – in order to be discovered and to discover others. There are more than 930 million LinkedIn members across almost every country in the world, including over 200 million members in the United States. They interact with over 63 million companies, 131,000 schools, and millions of jobs on our platform. Every minute, we see nearly eight members hired into a role. This provides an amazing opportunity to see and share what is happening across the U.S. labor market in a far more up-to-date and granular way than other sources of data. This includes an understanding of localized hiring trends, the movement of people and jobs, as well as skills and certifications that are most in demand.

It is the job of my team of economists and data scientists to get these unique insights into the hands of policymakers at the national, state, and local level so that they can make more timely, more informed, and, ultimately, better economic policy decisions. This information also enables my team to carry out research to better understand the broader dynamics of our economy.

The Need for a Skills-First Approach to Hiring

As we all know, there is an incredible amount of talent in America. However, we need to change how we recognize it, so that we are not leaving workers with skills behind. This is particularly true when it comes to defining talent in ways that go beyond the long-held notion that a college degree must be the sole or determining factor when and if an individual has acquired skills and knowledge.

Take the example of the help desk technician I mentioned earlier; we too often see the opportunity to move into a new, higher paying job with stronger benefits denied. Not because of a lack of skills or relevant job experience, but due to the lack of a college degree.

Our nation and our economy cannot afford to allow such a system to continue.

According to BLS data, there are currently 10.1 million job openings and only 6.1 million officially unemployed individuals in the U.S. This indicates that there are more than 1.6 unfilled positions for every job seeker, highlighting a large imbalance between labor demand and supply. This ratio is still higher than the pre-pandemic average. This trend of plentiful jobs and not enough workers can have major implications for growth, inequality, and inflation. These figures are unlikely to change dramatically in the foreseeable future given factors such as early retirements and an aging workforce.

In the U.S. alone, when employers use degrees as a proxy for skills, they miss out on half of the workforce. This includes many of the 70 million workers who are skilled through alternative routes, such as military service, workforce development programs, skills bootcamps, and learning on the job. In particular, this locks out 79% of rural workers, 79% of Hispanic workers, and 72% of Black workers, who currently do not hold a four-year degree.

This not only results in imbalances between the demand for talent and the supply of workers, but it can also contribute to non-degree holders losing a vital path for upward mobility.

It is time to rethink the way we hire and grow talent. Traditional methods focus mainly on two onramps for hiring: whether the candidate has a specific degree or whether they hold (or have had) a similar job title. This excludes millions of potential candidates right out of the gate. At LinkedIn, we would like to see multiple onramps to the job market, one where skills and abilities can count as much as degrees and prior titles. Our research and our experience indicate that we need a new approach to how we identify, recruit, and nurture talent.

This past April, we released a comprehensive report about what such a skills-first approach would mean for the labor market.¹ As our report highlights, a skills-first approach can vastly expand the pool of qualified talent and democratize access to jobs. The good news is that progress is being made, and there are steps Congress can take to facilitate further growth.

I will go over each of these benefits briefly.

¹ LinkedIn Economic Graph, *Skills-First: Reimagining the Labor Market and Breaking Down Barriers*, <https://economicgraph.linkedin.com/research/skills-first-report>.

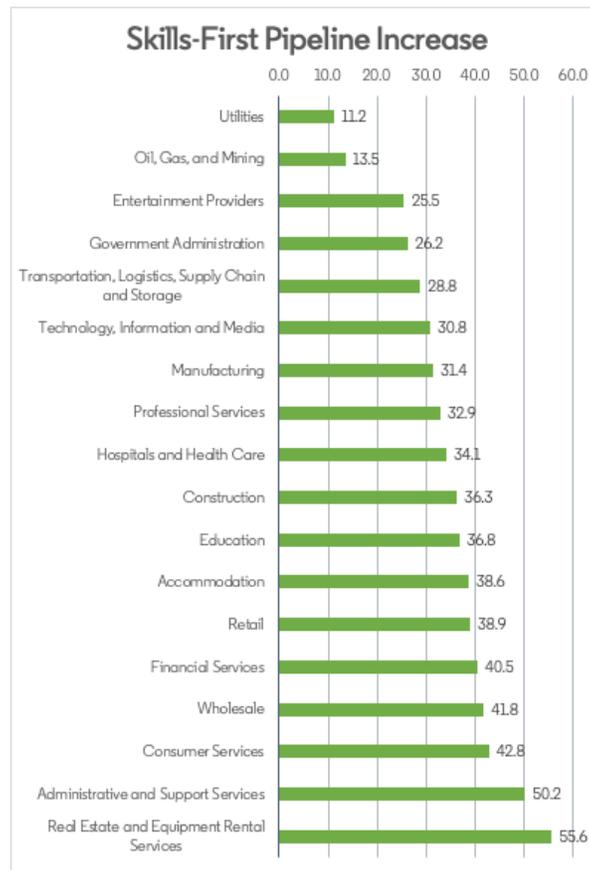
Skills-First Hiring Expands the Talent Pool

Our research found that in the U.S., the impact of shifting to a skills-first approach would increase the number of qualified, eligible workers by nearly 20 times. This increase in the talent pool means employers would have a greater ability to fill open jobs and allow them to do so in a way that more effectively matches the specific skills needed for such jobs with workers.

The extent to which talent pools would be expanded varies significantly across jobs. For example, in the U.S., a skills-first approach increases the talent pool for Digital Marketing Managers by almost 22 times because many of the skills associated with this job — such as Digital Marketing, Web Analytics, and Online Advertising — are common across other jobs.

Similarly, as highlighted in the chart below, the effect of skills-first hiring on the availability of talent also varies considerably by industry. The increase in the number of potential candidates is especially pronounced in industries such as Consumer Services, Retail, and Administrative and Support Services. These industries require skills that may overlap across occupations and industries. This indicates that workers with the necessary job skills are being left out of traditional recruiting efforts because they have not held those jobs or worked in that industry before, despite the fact they likely possess relevant skills.

Skills-First U.S. Talent Pool Increase by Industry



Skills-First Hiring Democratizes Opportunity

Traditional labor market signals have disproportionately excluded particular groups from opportunities, relying, even today, on more traditional, limited ways of filling jobs and expanding the workforce. This approach leaves out wide swaths of people who have the capabilities businesses need, in particular those without a degree, women, and youth.

First, consider workers without a college degree. As I noted above, millions of working-age adults in the U.S. cannot even apply to nearly three quarters of posted jobs due to degree requirements. We are not suggesting that employers ignore degrees or that degrees are not meaningful or useful signals of competency or skills. Instead, employers need to broaden their perspective to look beyond degrees as the only way of signaling relevant talent and skills.

Taking a skills-first hiring approach would, on average, increase the talent pipeline of workers without bachelor's degrees by 12% more than for workers with degrees in the U.S. This figure rises to as much as 26% for some industries.

Second, a skills-first approach increases female representation in talent pools, especially in occupations that currently have low female representation. We define occupations where women are most underrepresented as those occupations that are in the bottom quartile for their country in terms of the share of women employed in the last five years. These occupations span multiple industries but are most concentrated in Technology, Construction, and Manufacturing.

This approach could include qualified women in the candidate pool at a 26% higher rate compared to men for jobs where women have been underrepresented. For example, in the U.S., only 20% of workers with the title Test Engineer are women, but women make up 47% of the possible talent pipeline based on relevant skills. When companies look beyond job titles and hire a Test Engineer based on skills, the overall talent pipeline for women increases by 9 times compared to the pipeline for men, which increases by 3 times.

Finally, it is important to consider the benefits for the future of our workforce as well. Younger workers are in the best position to take advantage of a skills-first future. In the U.S., a skills-first approach to hiring increases the talent pool by 18 times for Gen X workers; 18.6 times for Millennial workers; and 21.5 times for Gen Z workers.

Skills-First is More Responsive to the Ever-Changing Demand for Skills

A recent LinkedIn Future of Skills report² found that skills changed by 24% on average globally since 2015. In most cases, the pace of change accelerated during the COVID-19 pandemic. Another recent report estimates that as many as 44% of workers' skills will be disrupted in the next five years.³

A skills-first approach allows employers to be more adaptive to meeting these ever-changing skill requirements, which may or may not reflect the types of skills offered through available college degree programs. For example, employers seeking cybersecurity talent are facing a significant shortage of skilled professionals. Despite a 23% increase in cybercrime complaints from 2016 to 2021⁴ and a 39% increase in relevant jobs postings over the same period, the active cybersecurity workforce during that time has only grown by 21%. Those with bachelor's degrees or higher qualifications in the U.S. make up 88% of the cybersecurity workforce. The skills-first approach that can increase talent pipelines up to 19 times overall could help to realize similar gains for cyber as well.

Job seekers also benefit from this approach. When LinkedIn started highlighting for job seekers that their skills matched job postings, we discovered that individuals who applied to jobs that matched their skills had a higher success rate in landing a job, often requiring fewer applications.

Progress is Already Being Made

LinkedIn is not alone in recognizing the potential of a skills-first approach as reflected by the collective efforts of individuals and employers as well as a growing number of states. To date, 13 states have announced efforts to expand more state jobs to those who may not have a degree but are otherwise qualified.⁵

In the past year, LinkedIn members added 380 million skills to their profiles, up over 40% year over year. We are also seeing LinkedIn members add certifications to their profiles at an accelerated rate, up 16% in 2022 compared to 2021. Candidates who complete LinkedIn Skill Assessments and display a badge on their profile have shown to be 20% more likely to get hired than those who do not.

Employers are also showcasing signs of embracing this new way of thinking about talent. In the last year, more than 45% of hirers on LinkedIn explicitly used skills data to fill their roles, up 12% year over year. Additionally, when looking for candidates on LinkedIn, recruiters are 25% more likely to search by skills than they were 3 years ago, and 50% more likely to search by skills than by years of experience.⁶

² LinkedIn Economic Graph, *Future of Skills*, <https://linkedin.github.io/future-of-skills/>.

³ See World Economic Forum, *Future of Jobs Report*, May 2023, https://www3.weforum.org/docs/WEF_Future_of_Jobs_2023.pdf.

⁴ See Federal Bureau of Investigation, *Internet Crime Report 2021*, https://www.ic3.gov/Media/PDF/AnnualReport/2021_IC3Report.pdf.

⁵ See Papia Debroy and Blair Corcoran de Castillo, *States are leading the way in tearing the 'paper ceiling' and making good jobs available to workers without degrees*, June 16, 2023, <https://www.brookings.edu/blog/the-avenue/2023/06/16/states-are-leading-the-way-in-tearing-the-paper-ceiling-and-making-good-jobs-available-to-workers-without-degrees/amp/>.

⁶ LinkedIn Talent Solutions, *The Future of Recruiting 2023*, <https://business.linkedin.com/talent-solutions/resources/future-of-recruiting>.

Our data also indicates roughly one in five job postings (19%) in the U.S. no longer require degrees, up from 15% in 2021. Further, our Future of Recruiting Report also reveals that 75% of recruiting professionals predict skills-first hiring will be a priority for their company in the next 18 months.⁷

Recommendations for Congress

To effectively implement a skills-first hiring approach, it will take the continued effort of workers, employers, and policymakers. We believe there are several ways Congress can help advance a skills-first approach and offer the following recommendations, which are particularly relevant for this Committee. As part of our Skills-First report, we provide recommendations for how policymakers, business leaders, and workers can help to accelerate the shift to skills-first hiring. Our recommendations for policymakers focus upon four key areas.

These include urging the expanded use of skills-first hiring in government jobs; developing public-private efforts around skills-first strategies; funding public efforts to ensure education and workforce programs are teaching the skills required by employers; and including funding for programs to support current workers whose jobs are most at risk due to changing skill demands.

Consistent with several of these recommendations, we also urge this Committee to take advantage of the reauthorization of the Workforce Innovation and Opportunity Act (WIOA) to promote a skills-first hiring approach. In particular, we believe several provisions could be added in order to promote and expand skills-first hiring by:

- Encouraging employers who use WIOA funds for on-the-job experience, incumbent worker, or transitional worker programs to use skills-first hiring, including by increasing the Federal proportion of wages covered in such workforce development;
- Encouraging the use of skills-first hiring by any state or local government receiving WIOA funds;
- Expanding current technical assistance provisions to include support to employers seeking to implement skills-first hiring, which could be carried out through intermediaries such as employer associations;
- Leveraging the currently required skill assessments under WIOA to enable such assessments to result in credentials reflecting current skills; and
- Allowing funds to support research, evaluation, and dissemination of skills-first hiring efforts and to assess the impact of Federal policies to promote such efforts.

In addition to WIOA reauthorization, we support the bipartisan effort to expand pathways for more individuals to gain skills by allowing Pell grants to be used for short-term programs that lead to a recognized credential tied to the fastest growing and most in-demand skills.

Finally, although not under this Committee's jurisdiction, we also urge Congress to continue to advance the bipartisan Chance to Compete Act (H.R. 159/S.159), which addresses barriers in implementing a skills-first approach in the hiring of Federal workers. I applaud your work, Chairwoman Foxx, for

⁷ *Id.*

introducing this legislation along with Congressman Khanna, who represents LinkedIn's Corporate Headquarters, and we are pleased it passed the House earlier this year by a near unanimous vote.

Conclusion

As our nation's economy continues to go through a transition spurred on by the impact of COVID-19, changing demographics, and increased global competition, it is critical we focus on the talent needed to keep pace with this transition.

This means rethinking the ways in which individuals can obtain and demonstrate their skills, but also ensuring that however skills are obtained, they are fairly considered by employers who are seeking qualified talent to fill good jobs.

Thank you for the opportunity to share our insights, thoughts, and recommendations on these important topics, and I look forward to working with this Committee as you pursue policies which promote a skills-first policy agenda.