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5 Steps for Expanding Skills-Based Hiring in New York City

This new report finds that expanding skills-based hiring may be the greatest untapped opportunity to build a more equitable economy in New York City. It urges private sector companies and the City of New York to eliminate degree requirements for some jobs and instead hire based on an assessment of demonstrated skills, laying out five steps to get there.

by Jonathan Bowles and Eric Raimondi

Creating a more equitable economy in New York City—one in which many more New Yorkers can join the middle class—will require major new actions and investments from policymakers and the private sector that increase access to well-paying jobs. Perhaps the greatest untapped opportunity to achieve this is by expanding skills-based hiring, the practice in which employers eliminate degree requirements or inflated experience requirements for some jobs and instead hire based on an assessment of demonstrated skills.

In a city with nearly 2.3 million working-age residents without college degrees, it is likely that tens of thousands of highly skilled New Yorkers have been shut out of good jobs simply because they don't meet often unnecessary degree requirements for the positions they seek.[1] To be sure, earning a college credential is still useful for some jobs in today's economy, and efforts to boost degree attainment should remain a core component of policymaking to expand economic mobility. However, there is now compelling evidence that many occupations—not just in clerical or blue-collar fields, but well-paying positions in industries from tech and finance to healthcare and government—could be ably filled by workers who bring considerable skills to the role but are too often screened out because the hiring process doesn't adequately assess underlying skills.[2]

Shifting to skills-based hiring—even if only for a fraction of jobs in the city's economy—can help open up tens of thousands of well-paying jobs to New Yorkers who would otherwise be excluded for lack of a specific credential. Indeed, just 25 percent of Hispanic New Yorkers, 30 percent of Black New Yorkers, and 49 percent of Asian New Yorkers hold a bachelor's degree or higher, compared to 68 percent of white New Yorkers.

While New York undoubtedly needs to invest in apprenticeships, career training, and programs that help more students

enrolled at the City University of New York (CUNY) to earn degrees, these efforts should be undertaken in tandem with a major new city-led initiative to expand skills-based hiring.

Fortunately, momentum is building around skills-based hiring. A growing number of private sector employers in New York and around the world are experimenting with a shift toward skills-based hiring practices. These firms—including IBM, Accenture, Google, Penguin Random House, Amazon, Ernst & Young, Starbucks, and the healthcare start-up Ovia Health—have eliminated a bachelor's degree requirement for a range of entry- and mid-level positions, and are shifting toward skills-based frameworks for assessing the ability of prospective employees to succeed. According to one recent report, 19 percent of job postings nationwide no longer require degrees, up from 15 percent in 2021.[3]

A growing number of public sector employers have removed degree requirements for relevant jobs. In the past few years, the governors of Maryland, Pennsylvania, Utah, and Alaska have taken bold steps to eliminate the four-year college degree requirement for thousands of state jobs, making those positions accessible to residents who have relevant experience or training, but not a college degree.

Unfortunately, New York City still has a long way to go toward realizing the promise of skills-based hiring. Although the number of New York–based employers taking a skills-first approach to hiring is on the rise, still only a handful of the city's largest companies have embraced this model. And for most of these employers, skills-based hiring remains a tiny component of their overall hiring approach. At the same time, neither city nor state government in New York has committed to eliminating degree requirements from public sector positions, as has been done in other states.

There is an incredible opportunity right now to expand skills-based hiring in New York City. Getting there will require many more New York-based employers to embrace a skills-first approach to hiring, a prospect that many business leaders believe is eminently possible but unlikely to occur without some important first steps—from employers themselves, from industry associations and other trusted intermediary organizations, and from city and state policymakers. At the same time, Mayor Adams and his administration will also need to step up and transform the city's own municipal hiring practices.

Expanding skills-based hiring in New York can provide a major boost to thousands of qualified but previously overlooked jobseekers, while offering clear benefits to employers. For businesses, shifting to a skills-first approach typically results in a larger and significantly more diverse talent pool from which to hire, with better retention over time. This largely untapped talent pool could prove immensely valuable at a time when a growing number of employers—in fields from healthcare to city government—have been struggling to fill open positions. Research shows that, in the United States, expanding the talent search to include workers with relevant skills leads to a 19-fold increase in eligible workers across all jobs.[iv] And the talent brought on board can add more value given that hiring for skills is five times more predictive of job performance than hiring for education, and more than two times more predictive than hiring for work experience.[4]

This policy brief presents five concrete action steps to expand skills-based hiring in New York. These recommendations are informed by a series of roundtable discussions convened over the past three months by the Center for an Urban Future (CUF) and Indeed with employers, workforce development practitioners, leaders of industry organizations, and officials from CUNY. We also drew from ideas put forward in a March policy forum held by CUF and Indeed, titled "Expanding Skills Based Hiring in New York."

THIS REPORT SUGGESTS THE FOLLOWING FIVE ACTION STEPS FOR NEW YORK CITY:

1. Develop and share data that demonstrates the value of skills-based hiring to employers and workers.

It's unlikely that many more employers in New York will adopt skills-based hiring until presented with high-quality evidence that skills-based hiring offers measurable value to employers. Taking a skills-based approach would be a monumental shift in

hiring practices for most companies. Many CEOs, HR executives, and hiring managers will only embrace such a fundamental change once there is data showing that skill-based hiring has resulted in a return on investment for other employers—that it results in high levels of employer satisfaction, helps with employee retention, boosts productivity, creates more diverse talent pipelines, or results in lower company costs for recruiting and training. Although several recent studies suggest that all of these perceived benefits are real and achievable, outcomes data from employers remains limited and largely proprietary. New York-specific data would be most helpful in convincing companies across the five boroughs to move in this direction.

Fresh data on skills-based hiring would also be helpful in convincing leaders and faculty at CUNY to support alternatives and skills-based complements to the four-year degree pathway. As an institution that serves a majority low-income student body, where more than 30 percent of the population identifies as Hispanic and 25 percent as Black, offering both career-oriented degree-granting programs and non-degree job training programs, CUNY plays a critical role in expanding trusted skills-based career pathways for more of the New Yorkers who could benefit the most[5] However, stronger evidence is needed to establish that skills-focused programs and credentials offered by CUNY are working to help students, especially those from lower-income backgrounds, succeed in obtaining well-paying jobs. Without this data connecting skills development to employment outcomes, it will be difficult to build support within CUNY for non-degree initiatives that help New Yorkers build career-ready skills and for integrating skills-based tools and assessments into degree-granting programs.

To develop the data that is so needed, New York's largest employers and leading industry associations should commit to sharing anonymized, aggregated data on skills-based hiring efforts and outcomes—data that many employers already track internally but have not made public. Hiring platforms, in particular, could play a role in this by showing which specific employers, occupations, and industries are succeeding in hiring candidates without traditional four-year degrees for higher-paying roles. They could also provide a real-time window into trends around degree requirements, skills needs, and outcomes for jobseekers with non-degree credentials, certifications, or other hands-on experience.

This data could be shared with an independent, third-party organization commissioned to produce an analysis of skills-based hiring efforts in New York, with a commitment that employer-level data would be anonymized to boost participation.

2. Remove degree requirements from thousands of city government jobs.

New York City government can lead by example and commit to removing degree requirements for at least a segment of the more than 330,000 city government jobs, similar to what governors have done for state jobs in Maryland, Pennsylvania, Utah, and Alaska. Doing so would open up hundreds or even thousands of well-paying city government jobs to New Yorkers that have been shut out of these opportunities—and help the city address near-record high employee shortages. Perhaps even more importantly, it would shine a prominent spotlight on the practice of skills-based hiring, elevating the visibility and profile of a skills-first approach at a time when few employers in the city have even heard about the practice. A city commitment to removing degree requirements would also signal to employers across the city that skills-based hiring is a legitimate option in their hiring toolkit—and complement the city's efforts to strengthen talent pipelines for New Yorkers without college degrees. By launching its own skills-based hiring initiative, the city could serve as a model for employers throughout the city and help spark additional private-sector commitments.

3. Encourage and support industry associations, chambers of commerce, and other employer intermediaries to help their member companies adopt skills-based hiring.

Intermediary organizations like the New York Jobs CEO Council have played a key role in facilitating the adoption of skills-based hiring practices at a handful of large New York-based employers. To scale this from a dozen or so participating companies to a hundred or more, it will be critical to encourage and support other local intermediaries—from industry organizations to chambers of commerce—in taking the lead.

These intermediaries have the trust of their member businesses, which itself is key to ensuring buy-in from companies. They

are also in a uniquely advantageous position to boost awareness among companies about skills-based hiring practices and supportive resources, to help companies establish partnerships with workforce training organizations or CUNY campuses that will help source talent on a skills-first basis, and in some cases even to serve as the front door for matching them with pre-screened applicants. This is especially important in New York City, where intermediaries with local operating experience and savvy tend to be more effective in engaging employers.

“Some of the bigger companies have the capacity to do skills-based hiring, but for so many of the mid-sized companies, the help of an intermediary is key,” said Lauren Anderson, CUNY’s University Associate Provost of Careers and Industry Partnerships, a participant in the roundtable discussions organized by CUF and Indeed.

Business- and industry-focused intermediaries can start by convening their members to learn from other companies in the industry, identify a common set of skills needed for in-demand roles, and establish partnerships with training organizations that can help source and prepare talent to meet those needs, as organizations like the Metro Atlanta Chamber of Commerce have done. City government can help bolster these efforts by launching an Employer Accelerator program—in partnership with business intermediaries—designed to encourage local employers to adopt skills-based practices, supported with a modest investment of public funding, and modeled on a current initiative of the Rework America Alliance. With New York’s global footprint, this could have reverberating effects beyond the city’s limits, allowing skills-based hiring to gain traction at greater scale.

4. Adopt skills-based hiring for internships and other paid work-based learning opportunities.

Most employers today solely hire interns who are enrolled in or who have recently graduated from college. While there are understandable reasons for this practice, the near-total reliance on recruiting college students for internships disadvantages countless young people who aren’t on the path to college but who possess skills that would be valuable for many companies, as well as career-changers, immigrants, and other New Yorkers who would benefit from paid work-based learning opportunities. Many companies frequently hire current or former interns for full-time roles. New York-based employers should consider opening their internship programs to reach beyond candidates in degree-granting programs to also consider those who simply have the skills needed to land a job in a given industry, including those who are enrolled in certification and skills-based training programs.

5. Provide funding for CUNY to expand short-term, non-degree programs aligned with industry needs and embed skills-based certifications and credentials into degree-granting programs.

Many employers willing to consider a skills-first approach to hiring while eliminating degree requirements will still be looking for job applicants who have alternative credentials. These include industry-recognized certifications, microcredentials, professional licenses, and apprenticeships, as well as hands-on learning experiences that result in a portfolio of work. An expansion of high-quality non-degree training at CUNY will require additional public funding to develop skills-building programs in close collaboration with industry partners, while expanding partnerships with nonprofit workforce development organizations. Opportunities include supplementing classroom learning at CUNY with industry-aligned training provided by nonprofit partners, as well as establishing credit agreements that would allow participants in nonprofit workforce training programs to accrue college credit at CUNY. At the same time, CUNY should work to embed more of these skills-focused certifications and credentials into existing degree-granting programs so that more graduates are able to demonstrate their skills to employers. For city leaders focused on creating a more equitable economy, this approach holds significant promise. More low-income New Yorkers would gain access to short-term, industry-aligned career training that can produce income gains more quickly and affordably than via a multi-year college degree program. At the same time, more CUNY degree-seeking students would benefit from skills-building experiences that can boost their employability and open doors to better jobs after graduation.

CONCLUSION

New York City has a major opportunity to lead in creating a more equitable economy through promoting and expanding skills-based hiring. Shifting even a small percentage of the city's jobs to a skills-first approach can help open up tens of thousands of higher-paying jobs to New Yorkers who would otherwise be excluded, greatly expanding access to economic opportunity while helping employers hire more diverse and effective workforces. However, while notable progress has been made in recent years at both the national and state levels, only a small number of New York–based employers have made this shift to date and much more is needed to realize the promise of a skills-first approach.

This policy brief concludes that accelerating this shift will require several action steps by the public and private sectors. Champions in the private sector should develop the data needed to provide evidence to employers of the measurable benefits that skills-based hiring can provide—data that can then be used to recruit far more employers to adopt similar practices. The city can lead by example by removing unnecessary requirements from thousands of city government jobs. Employer-focused intermediaries, including trade associations and chambers of commerce, should help member employers take steps toward adopting skills-first practices. This could include employers taking a key step forward by adopting skills-based hiring for all paid internships, opening opportunities to thousands of New Yorkers who aren't currently in college or recent college graduates. Meanwhile, the city and state should invest in CUNY's capacity to co-create non-degree certification and credentialing programs in partnership with industry, while working to embed skills-based learning into degree-granting programs, too.

Few policies hold greater promise for building a more equitable economy in New York City than a major commitment to expanding skills-based hiring in industries and neighborhoods across all five boroughs.

ENDNOTES

1. Center for an Urban Future analysis of educational attainment data from the U.S. Census Bureau's 2021 American Community Survey. Tabulated using IPUMS.

2. Sergio Galeano and Katherine Townsend Kiernan, "Skills-based Approaches for Finding Talent and Diversifying the Workforce: Six Lessons from Employers," Federal Reserve Bank of Atlanta, November 2022.

3. "Skills-First: Reimagining the Labor Market and Breaking Down Barriers," LinkedIn, 2023.

4. "Taking a skills-based approach to building the future workforce," McKinsey & Company, November 15, 2022.

5. "Total Enrollment by Race/Ethnicity and College: Percentages Fall 2019," CUNY Office of Institutional Research and Assessment, April 11, 2020.

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