

Expanding the Talent Pool

How skills-based hiring can unlock human potential
and bring transformative change to public finance

BY PAIGE BONGIORNO

Public finance leaders are feeling the strain of a workforce challenge that is no longer on the horizon—it's here.

Critical roles, from accounting and IT to data analysis and project management, are sitting vacant for months. Every week those positions remain unfilled, we place more strain on already lean teams. The result is slower service delivery, greater burnout risk, and rising operational costs.

For years, traditional recruitment methods seemed to work. Post the job, filter applications, and interview the top candidates. But those same methods are now producing shrinking pools of applicants who often lack the skills we truly need.

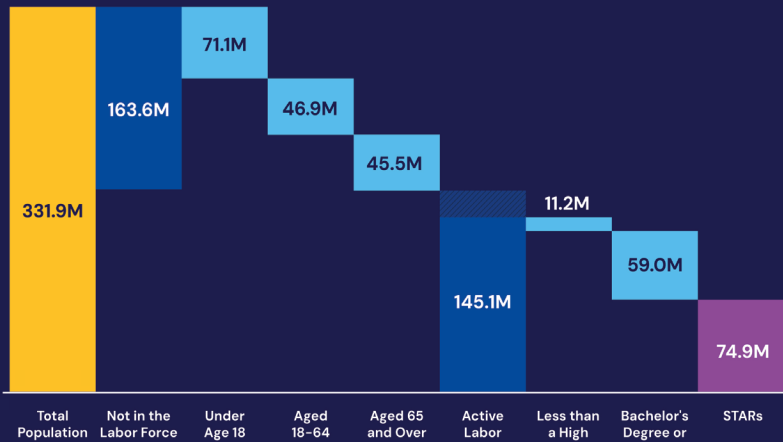
Here's the part that often surprises people: The skilled talent is out there. It makes up half of the U.S. workforce. We've just been screening much of it out. Today, there are more than 70 million American workers, many of whom possess the skills needed for these roles, who are systematically excluded from consideration because of outdated hiring practices that prioritize credentials over capabilities.

These individuals are known as STARs—people who are “Skilled Through Alternative Routes,” rather than through a bachelor's degree. [See opportunityatwork.org/stars.] They aren't “low-skill” workers, as they're often mislabeled. Their skills come from military service, community college, apprenticeships, industry-recognized credentials, on-the-job learning, or workforce training programs. They have both the technical expertise and the practical problem-solving abilities that public finance teams require.

And yet, for many organizations, outdated degree requirements mean these workers never make it past the first stage of the hiring process.

There are Over 70 Million STARs in the US Labor Force

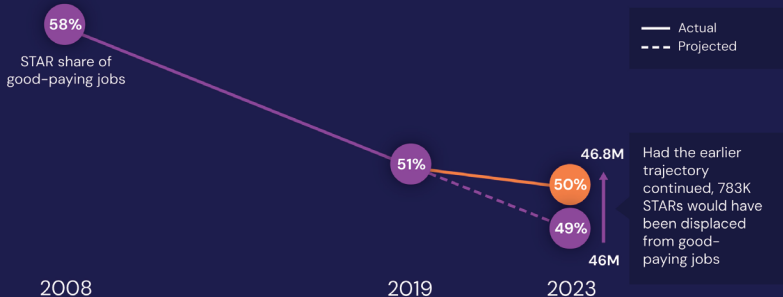
STARs are workers who are Skilled Through Alternative Routes. STARs are aged 25 and older, active in the labor force, have a high school diploma or equivalent, and have developed their skills through alternative routes like community college, apprenticeships, bootcamps, and most commonly, on the job.



* Estimates are limited to the civilian, non-institutionalized, labor force aged 25 and older. This excludes approximately 23.3 million workers. Source: Opportunity@Work analysis of the 2021 1-Year American Community Survey, Integrated Public Use Microdata Sample.*

Arresting the downward trajectory of STAR share

Rapid decline in STAR share of good-paying jobs slows, yielding 783K more STARs in good-paying jobs than projected



Note: This plot shows the STAR share from 2008 – 2019 in purple, and the projected 2023 STAR share had this trend continued. The actual STAR share from 2019 – 2023 is shown in orange. From 2008 – 2019, 6.3M STARs lost access to good-paying jobs (–0.6% per year). Had this trend continued, 783K more STARs would have been displaced from good-paying jobs. From 2019 – 2023, the decline in STAR share slowed to –0.4% per year. STARs outperformed the historical trend of the prior decade, re-gaining access to good-paying jobs. Source: Opportunity@Work analysis of the 2008 to 2023 1-Year American Community Survey, Integrated Public Use Microdata Series

Where We See STARs in Public Sector Finance

Finance role	Number of STARs	Percent of workers that are STARs in this role in the public sector
Financial managers	20,900+	60%
Financial analysts	18,300+	59%
Personal financial advisors	4,000+	55%
Financial examiners	200+	38%
Financial specialists, nec	2,900+	45%
Securities, commodities, and financial services sales agents	2,900+	63%

Source: Opportunity@Work analysis of Lightcast social profiles data, 2023

The skilled talent is out there. It makes up half of the U.S. workforce. We've just been screening much of it out.

Understanding America's hidden workforce

STARs aren't a niche demographic—they're everywhere. Across the United States, they represent 50 percent of the workforce, including:

- 61 percent of Black workers,
- 55 percent of Latino workers,
- 66 percent of rural workers, and
- 61 percent of veterans.

In state government, STARs hold just 36 percent of positions, and they are far less likely to advance into higher-wage, higher-responsibility roles. This is a small percentage, considering that they make up 50 percent of the workforce. The reasons have less to do with capability and more to do with how we've designed our hiring systems.

This population might include: a veteran who learned data analysis

through years in military intelligence and now hopes to bring that expertise into a municipal finance office; a retail store manager who has mastered scheduling, budgeting, and team leadership; or an administrative assistant who has coordinated multi-stakeholder projects for a non-profit, developing the same competencies required for many mid-level public-sector project management positions. Each of these individuals has the skills we claim we're looking for. The only barrier is a line in the job description that says "Bachelor's degree required."

How STARs lost access to opportunity

This wasn't always the case. In 2000, STARs held 60 percent of good-paying jobs. Since then, more than 20 million of these jobs have been created, but only 17.1 percent of these new positions were filled by STARs.

What happened?

The early 2000s brought two major shifts. First, job postings moved online, causing application volumes to spike. Second, applicant tracking systems became standard, allowing employers to filter resumes by keywords including "bachelor's degree." This is better known as "degree inflation."

Degree requirements quickly became a default screening tool, even when they had little relationship to actual job performance. Over time, this "degree inflation" became embedded in job descriptions, often copied and pasted without a formal review of whether the credential was necessary.

The result has been the quiet creation of the paper ceiling, the invisible barrier that blocks qualified candidates who don't have four-year degrees from jobs they could do well. The impact has been profound. STARs have lost access to 7.4 million middle- and high-wage jobs over the past two decades. A STAR now needs 30 years of work experience to earn what a new college graduate earns on their first day.

We have, in effect, decided that four years in a classroom is equal to three decades in the field, a calculation that defies both logic and economic sense.

Breaking through: the momentum is building

The good news is that behaviors are shifting, and government is leading the way.

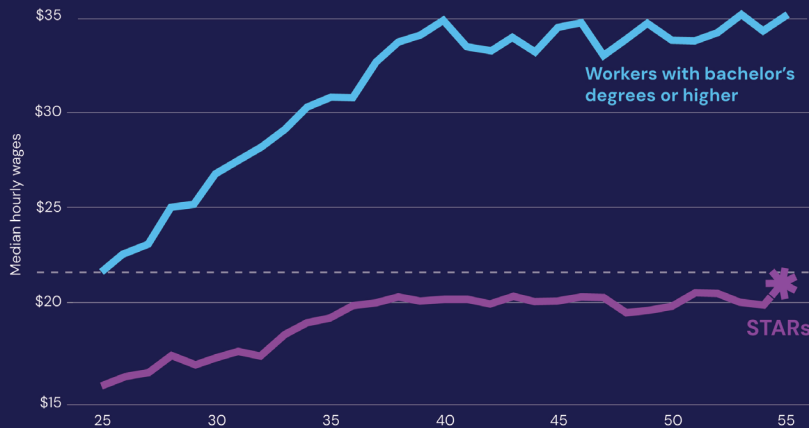
Opportunity@Work's recent research shows that collective action has begun to slow the decline in STAR access to good-paying jobs and middle- and high-wage jobs that traditionally offer mobility opportunities from low-wage roles. Currently, 31 states have formally removed degree requirements from many public-sector roles, opening more than 605,000 positions to a broader pool of skilled applicants.

The results have been promising:

- Hiring timelines are getting shorter.
- Talent pools are expanding.
- Teams are becoming more reflective of the communities they serve.

STARs wages don't catch up to where workers with BA degrees start their careers for 30 years

Career wages for age 25-year-old workers in 1989

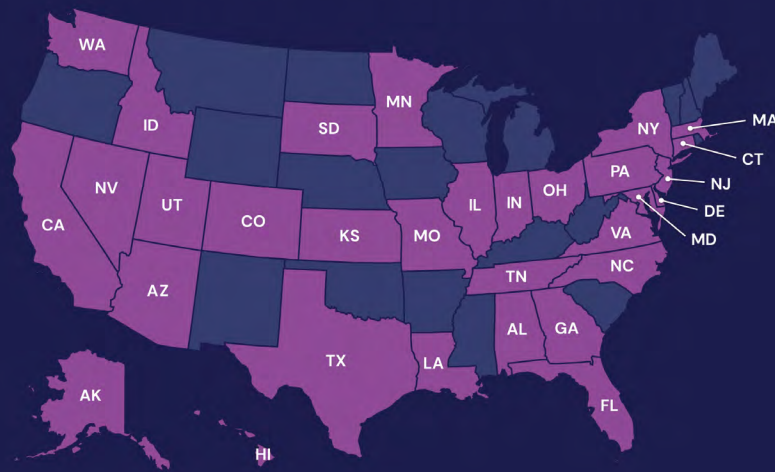


Note: Median wages in 2019 dollar for workers 25–29 years old in 1989 for workers with a bachelor's degree or higher versus workers skilled through alternative routes (STARs). Dotted line indicates median hourly wages for workers with a bachelor's degree at age 25 (\$21.59). Source: Adapted from Blair, Debroy, and Heck (2021, 3). Data are from the 1989–2019 Annual Social and Economic Supplement (ASEC) of the Current Population Survey (CPS) microdata accessed via IPUMS.

Organizations in the Tear the Paper Ceiling coalition (teartheperceiling.org) and STARs Public Sector Hub (opportunityatwork.org/take-action/psh), two networks led by Opportunity@Work with the goal of implementing skills-based hiring, are seeing remarkable results. STARs in these networks who started a new role in 2023 experienced a 59 percent upward mobility rate, compared to 40 percent in the broader labor market. Their median wage gains of \$17,200 exceed the national average of \$14,700. Last year alone, there were more than 41,000 additional positions opened than would be expected if these employers performed like the broader market.

This isn't just a policy shift—it's a cultural one. Among employers that are aware of the Tear the Paper Ceiling campaign, 83 percent say they're more likely to hire candidates who don't have a bachelor's degree than they were two or three years ago.

31 States Lead the Way in Removing Degree Requirements, potentially unlocking access to 736,000+ good jobs



Opportunity@Work has a playbook explicitly designed for those interested in implementing skills-based talent practices. Join the STARs Public Sector Hub at opportunityatwork.org/take-action/psh to access the "Government as Employer" playbook, along with a community of government leaders working at the forefront of skills-based talent practices.



To learn more about Opportunity@Work's Public Sector Hub and the Tear the Paper Ceiling campaign, visit opportunityatwork.org/take-action/psh and teartheperceiling.org.

Success Stories: Skills-Based Hiring in Action

This momentum didn't happen by accident—it's the result of intentional leadership from champions who recognized the opportunity and took action. Across the country, forward-thinking government leaders and private-sector partners are demonstrating that skills-based hiring isn't just theoretical—it's practical, measurable, and transformative.

Their experiences provide concrete examples of what's possible when organizations commit to tearing the paper ceiling, along with valuable lessons for finance leaders ready to implement similar changes in their own jurisdictions.

Public-sector leadership

The State of Colorado provides a comprehensive model for statewide transformation. Governor Jared Polis signed executive orders formalizing the state's commitment to skills-based hiring, setting specific targets for removing degree requirements. The Department of Personnel collaborated with state agencies to provide rationale, tools, and resources for implementation. This "top-to-bottom" alignment gave stakeholders clear direction and accountability measures, resulting in measurable progress across multiple agencies.

The State of Utah demonstrates the potential scale of change. The state has opened 98 percent of executive branch roles to STARs, focusing on demonstrated competence rather than credentials. As Governor Spencer Cox explained, "This is a move that can strengthen state governments, make the government a model employer, and connect STARs to thriving wages and careers."

The State of Louisiana tackled systemic barriers by replacing its civil service exam with a competency-based model. Recognizing that traditional testing created barriers to entry while failing to predict job success, the state built a statewide competency framework that facilitates skills-based decisions throughout the hiring and advancement process.

The City of Philadelphia, Pennsylvania, created the City College of Municipal Employment (CCME) to build dedicated pathways into city careers. The program combines orientation to municipal government, foundational career skills, and technical training in six critical areas, including skilled trades, technology, and business administration. With wrap-around supports, like paid job experience and success coaching, CCME



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—SPENCER COX, GOVERNOR OF UTAH

has achieved a 62 percent retention rate in its inaugural cohort, with graduates seeing \$14,000 pay increases within four months of being hired.

Private sector models

Private-sector programs also offer pathways for municipal governments. For example, Microsoft faced a business challenge when pandemic store closures put retail employees at risk. Rather than laying off skilled workers, the company created the Microsoft Sales Academy (later MCAPS Academy), a six-month program that transitioned retail staff to digital sales roles. The program included dedicated managers and collaboration with hiring teams, demonstrating how work-based learning can solve both business and workforce challenges. HII addressed extended time-to-hire with a phased strategy. Starting with single high-volume roles, the company expanded to similar positions before implementing company-wide changes. Its approach created multiple hiring pipelines while investing in future skills needs, showing how systematic change can happen incrementally.

Performance data shows equal outcomes between STAR and degree-holding employees in the same roles, validating that skills matter more than credentials for job success.¹

How to start skills-based hiring

A skills-based approach doesn't begin or end with hiring. It requires a shift in mindset across the entire talent lifecycle. From workforce planning and sourcing to onboarding and development, every stage is an opportunity to focus on what candidates and employees can do, not just where they've been.

Keeping the talent lifecycle front and center ensures that skills-based practices are applied consistently and intentionally, creating a more efficient and adaptable hiring system. This includes:

Work planning and sourcing:

- **Career navigation.** Provide transparent career maps that show external applicants how their current skills can translate into long-term careers and growth within government.
- **Compensation.** Align pay scales to the specific skills required for the role, ensuring that compensation is based on capabilities, not just credentials.
- **Minimum requirements.** Review and update your classification system to eliminate minimum education requirements.
- **Job posting.** Use skill descriptions in job postings and remove educational equivalency language, where possible, to attract a broader range of candidates.
- **Sourcing.** Broaden the sourcing pipeline by hosting career fairs at community colleges and community-based organizations, and provide opportunities for internal employees to gain skills, allowing them to move into new roles.
- **Application.** Create applications that are free from bias with questions that are directly related to the skills needed for the job instead of going by resumes only.

Interview and selection:

- **Screening.** Adjust screening parameters to include additional experiences that provide relevant skills, and train HR teams on what skills can be derived from different experiences.

- **Skills validation.** Focus post-referral assessments on validating employees for the top skills they'll require on day one in the role.
- **Selection.** Establish a structured process with clearly defined selection guidelines to evaluate candidates based on their skills and ability to perform the job.

Onboarding and development:

- **Onboarding.** Develop a purposeful onboarding program by focusing on the skills the employee will need to learn over time to succeed.
- **Development.** Continuously offer employees the opportunity to gain skills in their current role and navigate career pathways of interest within government.
- **Advancement.** Create clear criteria for promotion based on demonstrated mastery of skills, enabling upward mobility.
- **Retention.** Increase employee retention by investing in professional growth and providing clear, skills-based pathways for internal advancement.

What success looks like

The potential impact is transformative. Opportunity@Work's recently released Public Sector STAR Mobility Compass identifies three intervention areas that could move 10 million STARs into higher-wage jobs by 2030—including more than 1.6 million in the public sector:

- **Increased access.** If state and local government employers were to steadily increase access and employment to STARs in 30 roles, they could fill 431,000 more good-paying public-sector jobs with STAR talent by 2030, compared to current trends.
- **Wage improvements.** There are five low-wage, highly-skilled, and essential roles where raising wages in the public sector can increase retention and improve the economic standing of more than 1 million STARs by 2030.

- **New opportunities.** By 2030, nearly 800,000 new-to-world public-sector jobs are predicted to pay at least mid-level wages. With intentional talent management strategies, at least 200,000 of these roles can be filled by STARs in state and local government employment alone.

For government employers, the return on investment includes reduced turnover, faster hiring, diverse talent pipelines, and stronger community representation. When public-sector employees reflect the communities they serve, trust and effectiveness increase.

The broader economic impact is substantial. Enabling STARs to advance could generate \$100 billion in additional annual earnings, while at the same time strengthening the public-sector workforce that communities depend on.

For finance leaders, the case is especially compelling. Stewards of public funds are responsible for ensuring that investments yield measurable returns. Skills-based hiring is an evidence-based approach that delivers operational efficiency, fiscal responsibility, and community benefit.

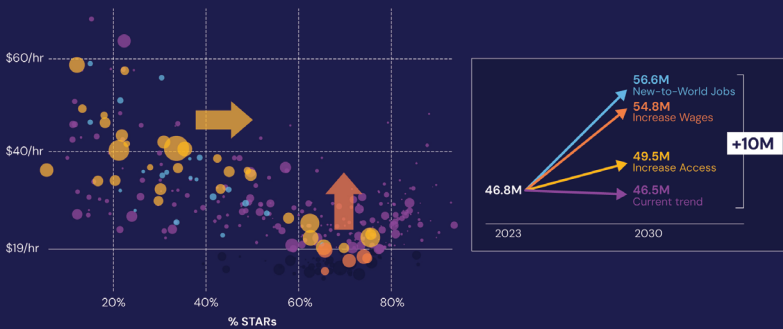
Resources and support

Government finance leaders don't have to navigate this transformation alone. There are a multitude of great options that can provide resources, peer learning opportunities, and implementation support specifically for public-sector leaders. For example, the STARs Public Sector Hub offers a non-partisan network of tools, case studies, and connections with peers who are successfully implementing skills-based practices.

The Hub's resources include hiring playbooks, job description templates, competency frameworks, and measurement tools designed for government contexts. Members also access a community of practice where leaders share challenges, solutions, and lessons learned.

The Volcker Alliance undertook a study in 2017 (updated in 2019) to explore the skills and competencies most needed

The STAR Mobility Compass Provides a Vision for the Future



Note: This bubble plot shows occupations mapped by their national median hourly wage (y-axis) and the projected share of STARs in 2030 if current trends continue (x-axis). Each bubble represents an occupation, sized by the number of projected workers in 2030. Source: Opportunity@Work analysis of the 2000 Decennial Census Survey and the 2001 to 2023 1-Year American Community Survey, Integrated Public Use Microdata Series, and the Bureau of Labor Statistics Occupational Employment Projections, 2023–33.

Concept of Pathways: Origin, Gateway, and Destination Jobs

Observed job transitions indicate some jobs offer more upward mobility than others



Source: Opportunity@Work analysis of the Occupational Information Network (O*NET) 25.3 Database; 2019 1-year American Community Survey; and 2012 to 2021 Current Population Survey, Annual Social and Economic Supplement; Integrated Public Use Microdata Series.

to prepare the next generation of great public servants. This study, *Preparing Tomorrow's Public Service: What the Next Generation Needs*, is a contribution to a far-ranging conversation about developing and retaining top talent in government service as the sector becomes increasingly complex and challenging.

In 2022, the Council of State Governments Center of Innovation partnered with Apprenticeship Colorado to develop a Public Sector Apprenticeship Toolkit to provide guidance for expanding

the number of registered apprenticeships offered by Colorado state agencies. Council of State Governments adapted the Colorado toolkit as a resource for state, county, and city governments across the country when implementing public sector apprenticeship programs. The goal of the toolkit is to educate state leadership on the benefits and implementation of registered apprenticeship programs and support them in identifying and addressing common barriers.

Leading the change

Government has both an opportunity and a responsibility to model skills-based hiring. We can set a standard that other sectors will follow, showing that capability matters more than pedigree and that economic opportunity should be based on what people can do, not where they went to school.

And despite misconceptions, this is not about lowering standards. It's about raising them by focusing on actual performance potential rather than assumptions tied to credentials.

Finance leaders are natural champions for this approach because they understand efficiency, value, and return on investment. They understand that the best financial decisions are based on evidence rather than assumptions. Skills-based hiring delivers on all these principles while addressing our most pressing workforce challenges.

The question isn't whether we can afford to embrace skills-based hiring—it's whether we can afford not to. With 70 million STARs representing America's largest talent pool, the future belongs to organizations that recognize and develop human potential wherever it exists.

Our communities are counting on us to deliver essential services efficiently and effectively. By tearing the paper ceiling and embracing skills-based practices, we can build workforces that reflect our communities' diversity, meet our operational needs, and demonstrate that the government can lead positive change.

The momentum is here. The infrastructure is in place. The results are clear. The next step is ours to take. Now, let's get to work.

Paige Bongiorno is the director of the STARS Public Sector Hub at Opportunity@Work (and is a STAR herself).

¹ Joseph B. Fuller and Manjari Raman, *Dismissed by Degrees: How degree inflation is undermining U.S. competitiveness and hurting America's middle class*, Harvard Business School, December 2017.