State Policy Ideas for the 21st Century Economy

1. Portable Benefits

**BACKGROUND:** Our 20th century social contract largely relies on businesses to provide benefits to their employees. But that contract is fraying: businesses are increasingly not providing benefits, and oftentimes are avoiding employing workers directly as employees. Workers need a new way to access benefits.

**PROPOSAL:** Policymakers should create a portable benefits system that: (1) is not tied to any particular job, but rather tied to the worker who can take the benefit from job to job or project to project; (2) supports contributions from multiple employers or clients that are proportionate to dollars earned, jobs done, or time worked; and (3) covers all workers, including independent contractors and other non-traditional workers that lack formal employers.

**EXAMPLES:** Legislators in Washington State and New Jersey have both introduced bills to create portable benefits systems. NYC’s Black Car Fund is an example of an existing portable benefits system. Secure Choice efforts in various states are examples of attempts to make retirement benefits more portable and universally accessible.

2. Worker Training Tax Credit

**BACKGROUND:** Advances in technology are changing the nature of work, making it increasingly important that workers access skills training over the course of their careers. Unfortunately, the available data suggests that business investment in their workers’ skills is declining.

**PROPOSAL:** Policymakers should create a business tax credit to offset a portion of the cost of new training activities for non-highly compensated workers. The Worker Training Tax Credit would mirror the policy design of the popular federal R&D Tax Credit. See our issue brief – *Worker Training Tax Credit: Promoting Employer Investments in the Workforce* – for more policy details.

**EXAMPLES:** Connecticut, Georgia, Kentucky, Mississippi, Rhode Island, and Virginia provide businesses with tax incentives for training investments, which range from 5 percent to 50 percent of training expenses. Federal legislation has also been introduced in the U.S. Senate (S.2048) and House (H.R.5516) this session.

3. Lifelong Learning and Training Accounts

**BACKGROUND:** Employers play a unique and vital role in workforce training, but workers must also be given additional tools to acquire new skills and learning opportunities over the course of their careers.

**PROPOSAL:** Policymakers should create worker-controlled Lifelong Learning and Training Accounts (LLTAs). These accounts would be funded by workers, employers, and government, and could be used by workers to pay for education and training opportunities. See our issue brief – *Lifelong Learning and Training Accounts: Helping Workers Adapt and Succeed in a Changing Economy* – for more policy details.

**EXAMPLES:** Lifelong Learning Account demonstration programs have been implemented in a handful of states and cities, including Maine, Washington, Chicago, and New York City, though the pilot programs have been limited in scope. Federal legislation has also been proposed in the U.S. Senate (S.3145) and House (H.R.6250) this session.
4. A 21st Century Skills Training System

BACKGROUND: Federal and state governments provide heavy subsidies for higher education, and for good reason: college attendance corresponds to a 50 percent higher wage compared to similar workers without a college degree. But the changing nature of work heightens the need for lifelong skills acquisition, which most traditional higher education institutions are not designed for. Instead, modern workers need a 21st century workforce training system that can provide affordable, skills-based, and high-quality training for all workers.

PROPOSAL: Policymakers should create a program that pays for most – if not all – the tuition and fees for any worker to attend non-degree training programs. Eligible training programs could be defined as ones that lead to a recognized post-secondary credential, excluding bachelor and other traditional degrees.

EXAMPLES: Indiana recently implemented a version of this proposal: Workforce Ready Grants pay for two-year or shorter certificates at select universities. The certificates must be in a high-demand field, and can take anywhere from 18 to 34 credit hours to complete. At the federal level, Rep. Tim Ryan (D-OH) has introduced legislation that would offer a $8,000 voucher to all workers to pay for a short-term training program that teaches high-demand skills.

5. Worker Protections

Wage theft

BACKGROUND: Workers regularly perform work that they end up not getting paid for – while illegal, this wage theft often goes unenforced. Wage theft is estimated to cost workers between $8 billion and $14 billion each year. Independent workers are particularly at risk: the Pew Research Center found that 29 percent of online gig workers have performed work using an online platform for which they did not receive payment.

PROPOSAL: Policymakers should prevent independent contractor wage theft by providing them a right to a written contract, timely and full payment, and protection from retaliation (this largely follows NYC’s recent legislation, see below).

EXAMPLES: NYC recently passed a law ("Freelancing Isn’t Free") to protect independent workers from wage theft.

Non-compete and no-poach agreements

BACKGROUND: Non-compete clauses are clauses in employment contracts that restrict a worker from joining or founding a rival company for a certain period of time after leaving the company. No-poach agreements are agreements between employers promising not to poach each other’s workers. In a world where workers must increasingly forge their own career paths, they should be allowed to move freely between jobs and companies.

PROPOSAL: Policymakers should restrict non-compete clauses and no-poach agreements, including those between separate franchises with a single chain.

EXAMPLES: California has a long-standing ban on the enforcement of non-compete clauses (which many economists credit for the success the state’s tech industry), and in the last three years, four other states – Hawaii, Utah, Idaho, and Illinois – have passed laws that restrict the usage of non-competes, while New Hampshire, Pennsylvania and Vermont have considered legislation. Similarly, a coalition of 11 Democratic state attorneys general is investigating no-poach agreements at several chains and seven fast food chains recently agreed to end no-poach agreements.

20 The Associated Press. 2018. "7 fast-food chains agree to end ‘no-poaching’ policies." WTOP.