



WGU Workforce Decoded Annual Report: 2026

**The Verification Gap: When AI
Makes Skills Harder to Prove**

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Executive Summary: AI is Outpacing the Tools Employers Use to Evaluate Talent.

A new analysis from WGU's 2026 Workforce Decoded Report, based on responses from 3,128 employers nationwide in the second annual survey, finds that employers are placing more value on degrees and certificates while AI is making candidates' skills harder to evaluate.

Why it matters:

As AI reshapes what a resume, a portfolio and even an interview can prove, the signals employers have long relied on are under strain. Three in five employers say AI is making it harder to tell whether candidates' skills are real, and employers say they are still figuring out how to assess AI competency.

Driving the news:

- **60%** say AI is making it harder to evaluate candidates' real skills.
- Twice as many employers say they are still figuring out how to assess candidates' AI skills compared to last year, jumping from **16% in 2025 to 32% in 2026**.
- **One in five employers** cite difficulty confirming they are actually interviewing a human rather than AI.
- **73%** of employers say degrees are important, up from 68% in 2025, and 91% view certificates as valuable indicators of readiness, up from 86%.
- **38%** say internships, apprenticeships or project work are the most effective path to turn education into employment.

The verification gap's impact on entry-level hiring:

Employers are saying the established methods of evaluating talent no longer adequately validate skills. Those who feel it most acutely are also the ones pulling back from hiring entry-level talent.

Among employers who say AI makes skills harder to evaluate, 54% report that AI has reduced entry-level hiring at their organization, compared with 20% among employers who do not report greater evaluation difficulty. Gen Z hiring professionals report the pullback most often: 53% say AI has reduced entry-level hiring, compared with 34% of Gen X hiring professionals.

The takeaways for jobseekers:

Invest in a portfolio of evidence: Employers are increasingly looking for a variety of evidence of what candidates can do. While they continue to value degrees and certificates, they are also prioritizing candidates who have hands-on experience, including apprenticeships, internships and project work.

Work with, not against AI: For the jobseekers concerned about AI eliminating roles, employers encourage candidates to learn to work alongside AI while strengthening uniquely human skills like critical thinking.

The Verification Crisis: Evaluating Skills in the Age of AI

AI is outpacing the methods employers use to verify skills. As a result, employers experiencing the greatest difficulty validating skills are reducing entry-level hiring.

QUICK TAKEAWAYS

60%

say AI is making it harder to evaluate candidates' real skills.

54%

the share of employers who say AI has made skills harder to evaluate and are cutting entry-level hiring.

1 in 5

cite difficulty confirming whether they are interviewing a human or AI.

2x

the share of employers saying they are still working out how to evaluate AI skills, rising from 16% in 2025 to 32% in 2026.

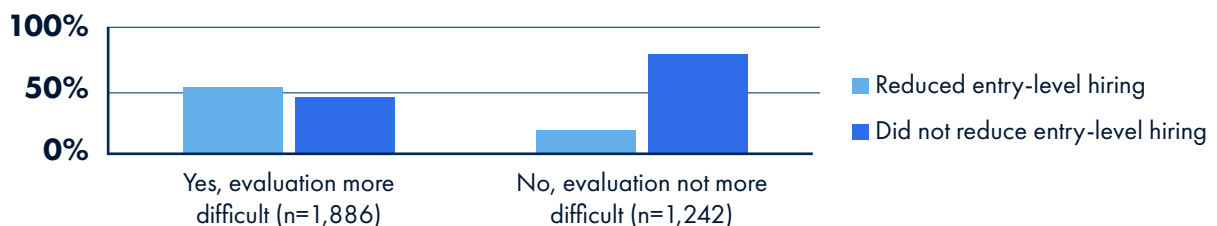
AI is changing not only the skills employers need most, but also what evidence they need from candidates to prove those skills. AI can help candidates produce polished resumes, portfolios and written work, complicating employers' efforts to determine what candidates can do independently. 60% say AI makes it harder to evaluate candidates' real skills, and nearly one in five cite difficulty confirming whether they are interviewing a human rather than AI as a top challenge.

Employers who say AI makes skills harder to evaluate are far more likely to report that AI has reduced entry-level hiring. While the survey does not establish that one caused the other, it shows that the two concerns are concentrated among the same employers.

Key Facts

- 1. Verification difficulty is closely linked to entry-level hiring pullbacks:** 54% of employers who say AI has made skills harder to evaluate report that AI has reduced entry-level hiring at their organization, compared with 20% of employers who do not report greater evaluation difficulty (see Figure 1.1). Put another way, 80% of employers who say AI has not complicated evaluation report no reduction in entry-level hiring, against 46% of those who say it has.

Figure 1.1 AI Evaluation Difficulty and Entry-Level Hiring Outcome



2. **Gen Z hiring professionals report the entry-level pullback most often:** 53% of Gen Z hiring professionals say AI has reduced entry-level hiring at their organization, compared with 43% of Millennials, 35% of Boomers and 34% of Gen X (see Figure 1.2). A similar age pattern appears in perceptions of skill evaluation difficulty, ranging from 63% among Gen Z to about 58% among Gen X and Boomers (see Figure 1.2).

Industry differences are also visible: 53% of respondents in information technology and 45% in finance and professional services report reduced entry-level hiring, compared with 32% in construction, manufacturing and trade and 24% in government and the public sector (see Figure 1.3).

Figure 1.2 AI Evaluation Difficulty and Entry-Level Hiring Impact by Generation

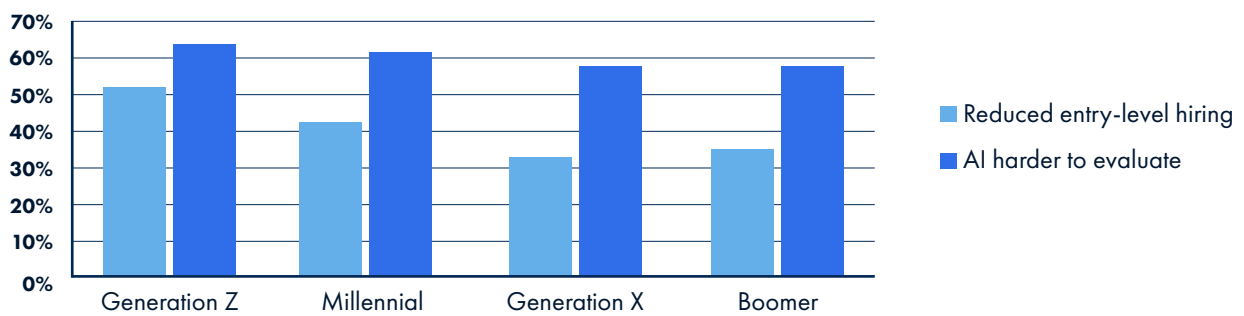
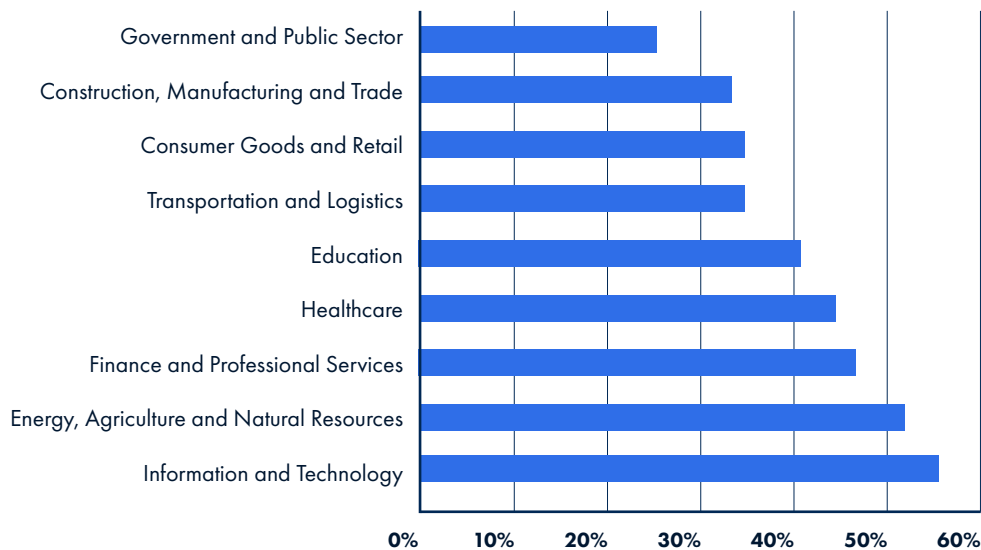


Figure 1.3 Reduction in Entry-level Hiring by Industry



3. **Nearly one in five employers cite difficulty confirming whether they are interviewing a human or AI:** 20% name this as a top challenge in evaluating skillsets, showing that AI-related verification concerns are already part of the hiring process (see Figure 1.4).

Figure 1.4 Biggest Challenges Evaluating Skillsets, 2026

Challenges Evaluating Skillsets	% Selecting
Validating skill claims	44.5%
Alignment with job needs	36.4%
Lack of differentiation between candidates	28.1%
Keeping pace with change	27.7%
Time and resource constraints	27.2%
Candidate hiring experience	25.7%
Lack of standardized assessments	23.7%
Understanding candidates' resumes and skillsets	23.5%
Manager or interviewer bias	22.1%
Technology and tools	21.3%
Validating that you are interviewing a human vs. AI	19.7%

4. **Uncertainty about evaluating AI skills is growing:** The share of employers saying, “we’re still figuring out how to evaluate AI skills effectively,” rose from 16% to 32% year-over-year (see Figure 1.5). Because respondents selected more options overall in the 2026 survey, the more precise comparison is relative share: measured as a proportion of all responses given, this was the only assessment-related option to gain ground, rising from 9% to 15%, while every established method declined in relative terms.

Hands-on assessment remains the leading method for evaluating AI skills, with 41% assessing real-world experience with AI tools, followed by certifications at 34% (see Figure 1.5). More broadly, employers continue to rely on familiar assessment methods, including general interview questions (41%), on-the-job trial evaluations (40%), and technical assessments (38%) (see Figure 1.6).

Employers are continuing to use multiple approaches, with real-world AI experience remaining the most commonly cited method. At the same time, the sharp rise in uncertainty suggests their assessment playbook is still evolving.

Figure 1.5 How Hiring Professionals Evaluate Candidate Competency in AI, 2025 vs. 2026

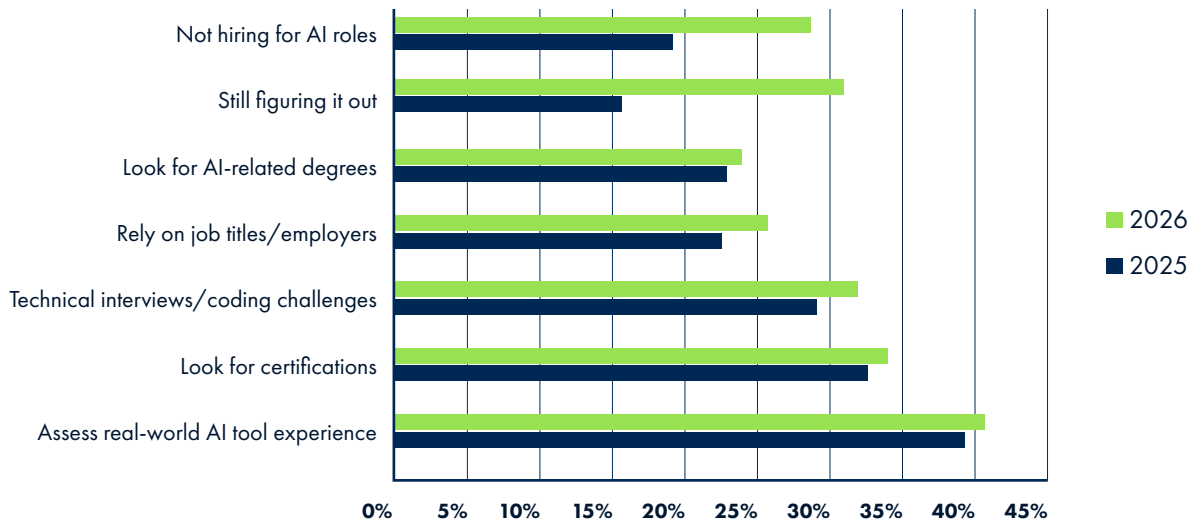


Figure 1.6 How Hiring Professionals Evaluate Candidates' Skills

Method	% Selecting as Top Three
General interview questions	41.0%
On-the-job evaluations during probationary / trial periods	40.2%
Technical or skills-based assessments (e.g. coding challenge, test project)	37.7%
Behavioral interview questions	33.3%
Reference checks	30.6%
Portfolio or past work samples	25.7%

The Skills Paradox and the Upskilling Response

Employers want strong human judgment and AI fluency in the same workforce, and most expect to develop those capabilities internally.

QUICK TAKEAWAYS

No. 1

Critical thinking is the most frequently cited skills gap (36%).

93%

call their skills gap somewhat or very impactful to the organization.

42% vs. 22%

will close the gap primarily by upskilling existing employees vs. primarily through new hires.

47%

who call skills gap “somewhat impactful” plan to prioritize upskilling workforce.

Employers are looking for a combination of human judgment and AI capability. Critical thinking is the most commonly cited skills gap, one of the top skills employers say workers need to acquire and, at the same time, a capability nearly one-third believe AI can partially replace.

Employers also lean toward developing current workers rather than relying primarily on new hires to close skills gaps. That preference changes as the skills gap problem becomes more severe, however, with organizations reporting very impactful gaps more likely to engage in external hiring.

Key Facts

- 1. Critical thinking sits at the center of the skills challenge:** Critical thinking (36%), effective use of AI tools (30%) and verbal communication (30%) lead the skills-gap list (see Figure 2.1) and 93% of employers say the gap they identified is somewhat or very impactful (see Figure 2.2).

Critical thinking is also the No. 2 skill employers say the workforce must acquire to stay relevant to future business demand (see Figure 2.3) although 31% believe AI can partially replace it (see Figure 2.4). These views are not coming from separate camps. Among the employers who believe AI can replace critical thinking, 39% also identify it as a skills gap.

The findings suggest employers see critical thinking as important, in short supply and increasingly affected by AI at the same time.

Figure 2.1 Areas of Greatest Skills Gap

Skill Gaps	% Selecting as Top Three
Critical thinking	35.7%
Effective use of AI tools	29.9%
Verbal communication skills	29.5%
Writing	26.1%
Data analysis	24.6%
Problem solving	22.3%
Adaptability	21.1%
Industry-specific technical expertise	18.7%
Work ethic	15.0%
Teamwork/collaboration	12.7%

Figure 2.2 Impact of Skills Gap

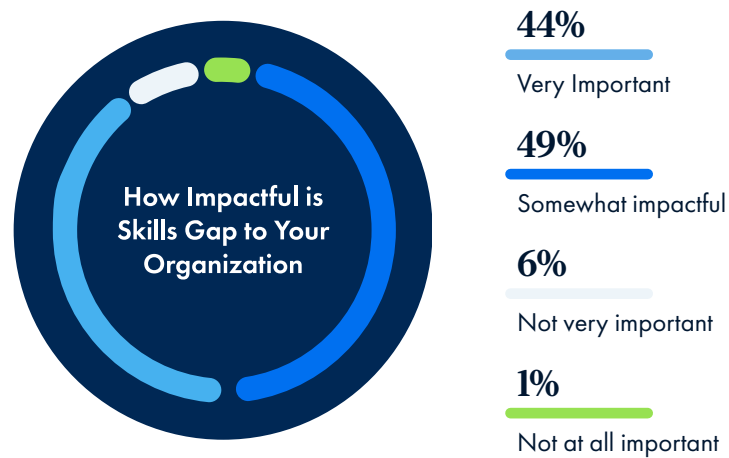


Figure 2.3 Skills Workforce Must Acquire to Stay Relevant to Future Business Demand

Skill Gaps	% Selecting as Top Three
Effective use of AI tools	47.3%
Critical thinking	47.1%
Verbal communication skills	49.4%
Adaptability	37.5%
Problem solving	36.3%
Data analysis	34.1%
Teamwork / collaboration	31.6%
Writing	30.2%
Industry-specific technical expertise	29.3%
Leadership	29.2%

Figure 2.4 Skills Employers Believe are Most Likely to be Partially or Largely Replaced by AI or Other Technologies in Next 3-5 Years

Skill Gaps	% Selecting as Top Three
Data analysis	46.5%
Problem solving	35.8%
Writing	35.8%
Customer service	33.7%
Critical thinking	30.9%
Creativity / innovation	26.1%

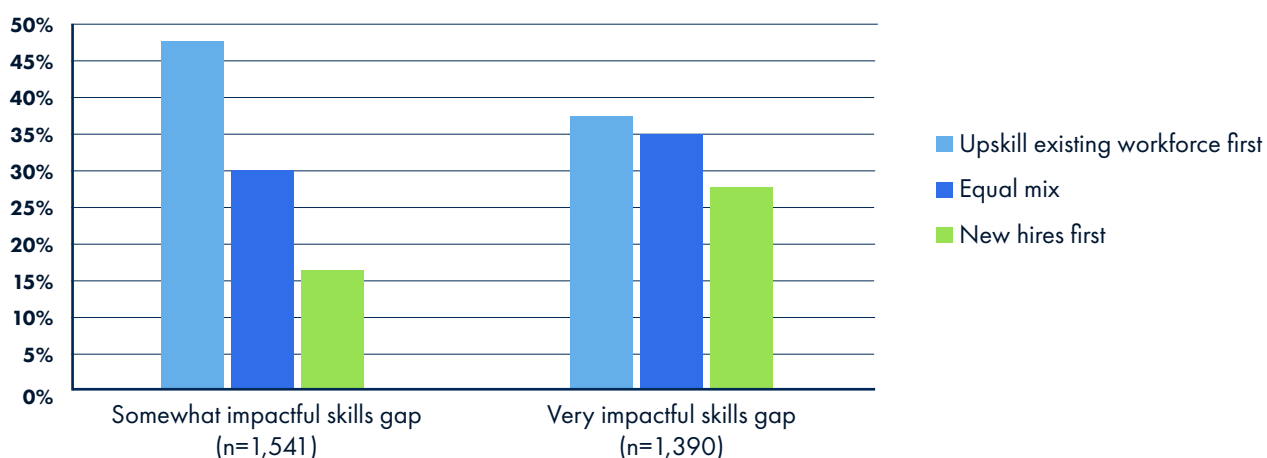
- 2. Employers lean toward developing versus hiring talent:** When asked how they will close their skills gap, 42% say they will focus primarily on upskilling the existing workforce, 36% expect an equal mix of upskilling and new hiring, and 22% will focus primarily on new hires. Employer investments reflect that emphasis: 59% fund leadership development, 53% invest in apprenticeships, internships or work-based learning, 39% support tuition assistance, degree programs or professional credentials, and 38% partner with colleges, universities or workforce training providers (see Figure 2.5).

Figure 2.5 How Employers Are Investing in the Future Workforce

Investment Areas	% Selecting
Leadership development programs	59.2%
Apprenticeships, internships, or work-based learning programs	53.3%
Tuition assistance, degree programs, or professional credentials	39.1%
Partnerships with colleges, universities, or workforce training providers	38.1%
Internal career mobility and advancement programs	36.2%

- 3. The balance shifts as skills gaps become more severe:** Among employers who call their skills gap somewhat impactful, 47% plan to prioritize upskilling and 18% plan to prioritize new hires. For those who selected very impactful, 37% want to upskill first while 29% would look to hire first. This is nearly an 11-point shift in each direction across groups that represent 94% of the sample (see Figure 2.6). More severe skills gaps are associated with greater reliance on external hiring.

Figure 2.6 Upskill-First vs. Hire-First Preference, by Skills Gap Severity



The Rising Value of Credentials: Degrees, Certificates and Skills

Employers are placing more value on degrees and certificates while maintaining a strong focus on skills and experience.

QUICK TAKEAWAYS

73%

of employers view degrees as important, up from 68% in 2025.

91%

see non-degree certificates as valuable for demonstrating skills, up from 86% in 2025.

76%

say work experience is equal to or more valuable than a degree.

40%

say higher education institutions are preparing students with the skills needed in the workforce.

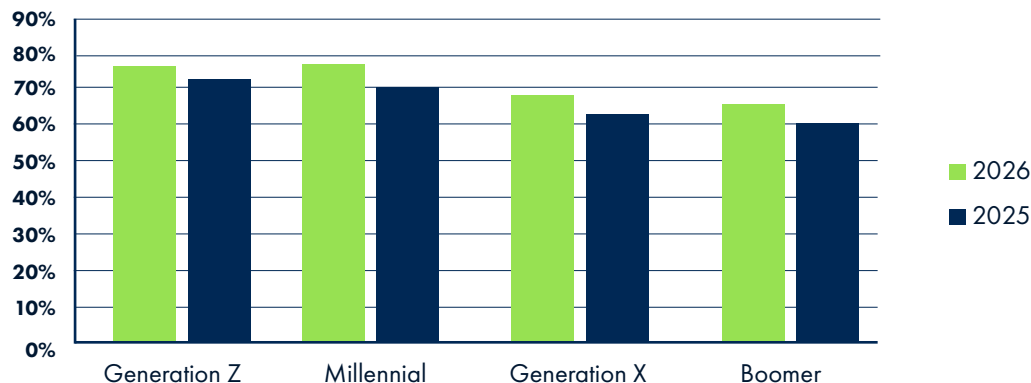
Employers are not retreating from skills-based hiring. Instead, the 2026 findings point to a broader view of readiness. Degrees and certificates both gained value year-over-year, while skills and work experience remain prominent in employers' hiring plans.

The distinction matters because the hiring debate is often framed as degrees versus skills. The survey suggests a more layered reality: employers want multiple signals that a candidate is prepared to contribute, including credentials, demonstrated skills and practical experience.

Key Facts

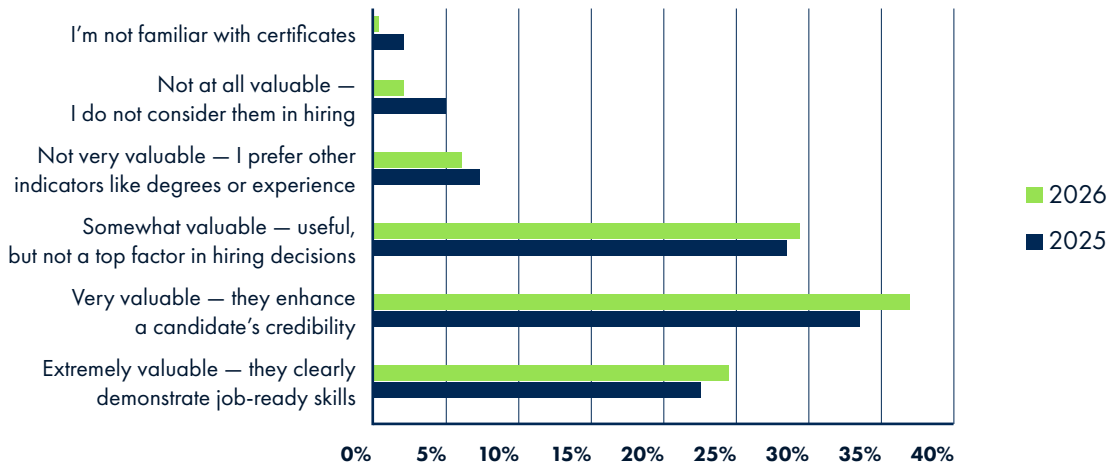
- Degree value rose across every generation:** 73% of employers call degrees very or somewhat important, up from 68% in 2025, while the share calling degrees not important fell from 15% to 11%. The increase appears in every generational cohort: Gen X rose 6.4 percentage points, Millennials 5.6 points, Gen Z 4.9 points and Boomers 6.1 points (see Figure 3.1).

Figure 3.1 Importance of a College Degree, 2025 vs. 2026



- 2. Certificates crossed the 90% mark:** 91% of employers view certificates as at least somewhat valuable for demonstrating skills, up from 86% in 2025. The respondents selecting certificates as extremely valuable rose from 23% to 25%, while the share of employers unfamiliar with certificates fell from 1.7% to 0.3% (see Figure 3.2).

Figure 3.2 Certificate Value for Demonstrating Candidates' Skills, 2025 vs. 2026



- 3. Skills-based hiring remains prominent:** 43% of employers plan to increase their focus on skills over degrees in the next 12 months, and 41% plan to place more emphasis on work experience, internships or apprenticeships, showing that skills and experience remain prominent in employers' hiring plans (see Figure 3.3). Together with the rise in credential value, these findings suggest employers are expanding signals of readiness rather than relying on a single measure.

Figure 3.3 Changes to Hiring Practices in Next 12 Months

Recruitment Changes	% Selecting as Top Three
Increased focus on skills over degrees	42.5%
More emphasis on work experience and internships/apprenticeships	41.0%
Diversified recruitment efforts to reach underrepresented talent pools	29.9%
Increased use of automation or AI in screening applicants	29.6%
Relaxed degree requirements for some roles	26.9%
Expanded remote/hybrid roles to widen candidate pool	25.1%
Partnered with universities or learning providers to create custom talent pipelines	24.5%
Added non-degree short-term credentials or certifications to job requirements	23.7%
Reduced remote/hybrid roles and requiring candidates to be in office	21.2%
Utilizing an applicant tracking system (ATS)	20.7%
No major changes	9.2%

- 4. Employer confidence in higher education is increasing:** 40% of employers say higher education institutions are sufficiently preparing students with the skills needed in the workforce, up from 37% in 2025. The gain came from employers who had previously been undecided, with the neutral share falling from 32% to 29% (see Figure 3.4). The connection to degree value is striking. Among employers who say higher education is meeting the mark, 89% consider degrees important, compared with 54% of those who do not (see Figure 3.5). Employers who express greater confidence in higher education also place greater value on degrees.

Figure 3.4 Higher Ed Preparing Students for Workforce

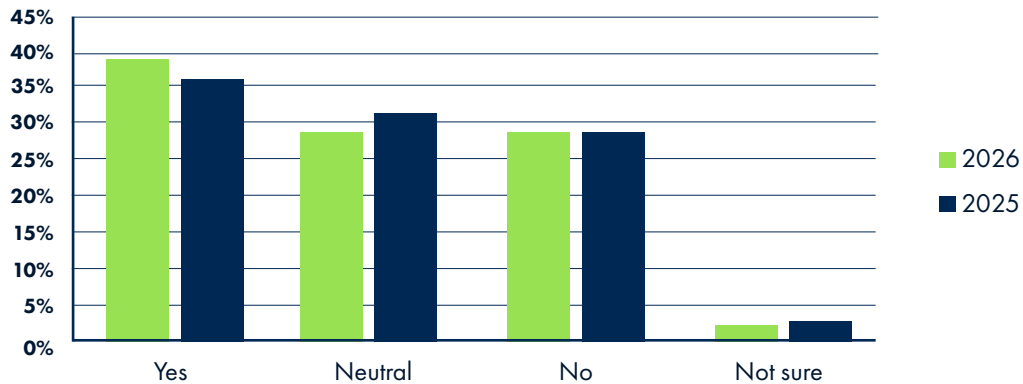
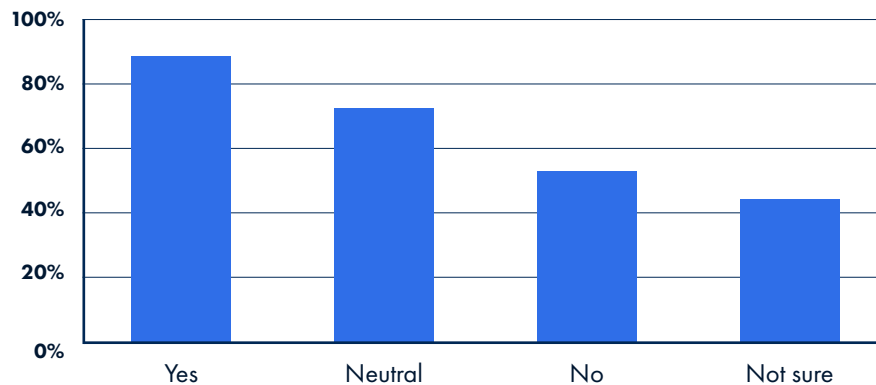


Figure 3.5 Degree Value by Confidence in Higher Education



What Employers Recommend

Employers' advice points to a two-part strategy: learn to use AI while strengthening the human capabilities that remain essential.

QUICK TAKEAWAYS

38%

say the best advice for workers concerned about AI is to learn how to work alongside it.

31%

say workers should focus on strengthening uniquely human skills.

Gen Z

hiring professionals are the only generation in which strengthening human skills ranks ahead of learning to work alongside AI.

38%

say practical experience is the most effective way for recent graduates to move from education into employment.

Employers are not simply describing how AI is changing work. They also offer a practical response to it. When asked what workers concerned about AI should do, their recommendations center on two complementary strategies: become more capable with AI and strengthen the human skills that remain essential as technology advances.

Their advice for people entering the workforce is similarly practical. Employers place hands-on experience ahead of networking and additional certifications as the most effective way for recent graduates to translate education into employment. Taken together, the findings suggest that employers value not only what candidates know, but their ability to apply that knowledge in real-world settings.

Key Facts

1. Employers recommend adapting to AI while continuing to invest in human capabilities:

When asked for the best piece of advice for workers concerned about AI, 38% of employers say they should learn how to work alongside it, while 31% recommend strengthening uniquely human skills. Another 13% point to practical workplace experience, 11% to continuous education and 7% to leadership and communication. Together, the two leading responses account for more than two-thirds of employers (see Figure 4.1). Rather than choosing between technology and human capability, employers are pointing workers toward both: greater AI fluency and stronger skills that complement what technology can do.

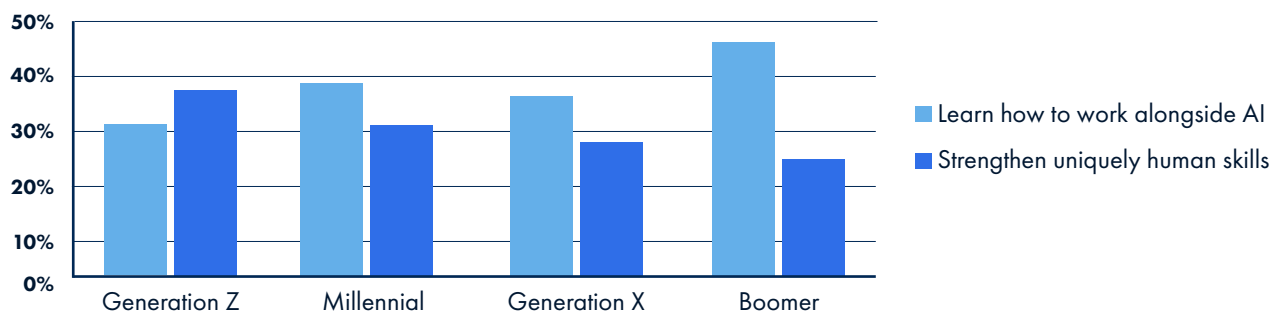
Figure 4.1 Best Advice for Workers Concerned About AI, 2026

Advice	% Selecting
Learn how to work alongside AI	37.9%
Strengthen uniquely human skills	30.8%
Gain practical workplace experience	13.1%
Pursue continuous education	11.1%
Focus on leadership and communication	7.1%

- 2. Gen Z hiring professionals put greater emphasis on uniquely human skills:** For Baby Boomers, Millennials and Generation X, the most common recommendation is to learn how to work alongside AI: 45% of Boomers, 39% of Millennials and 37% of Gen X select that response. Gen Z hiring professionals show a different pattern. Their most common recommendation is to strengthen uniquely human skills, at 37% (see Figure 4.2).

That distinction is particularly notable alongside the findings in The Verification Crisis section. Gen Z hiring professionals are also the most likely generation surveyed to say AI has reduced entry-level hiring at their organizations. Their responses suggest greater emphasis on the human capabilities that may help early-career workers distinguish themselves in an AI-enabled workplace.

Figure 4.2 Top 2 Areas of Best Advice for Workers Concerned About AI, by Generation



- 3. Employers want workers to develop skills and demonstrate them through experience:**

When employers identify the most critical capabilities for the current workforce to acquire, effective use of AI tools (47%) and critical thinking (47%) lead the list, followed by verbal communication (40%) and adaptability (38%) (see Figure 4.3).

For recent graduates trying to turn education into employment, employers place the greatest value on practical experience. Nearly 38% say internships, apprenticeships or project work are the most effective path, compared with 27% who point to networking and 16% who recommend additional certifications that demonstrate in-demand skills (see Figure 4.4).

The message across these findings is consistent: knowledge matters, but employers also want evidence that workers can put it to use. In an increasingly AI-enabled labor market, the findings point toward preparation that combines technical fluency, human judgment and opportunities to apply both in real-world settings.

Figure 4.3 Skills Existing Workforce Needs to Acquire to Stay Relevant for Future Business Demand

Skill	% Selecting as Important Skill to Acquire
Effective use of AI tools	47.3%
Critical thinking	47.1%
Verbal communication skills	40.4%
Adaptability	37.5%
Problem solving	36.3%

Figure 4.4 Most Effective Path from Education to Employment

Activity	% Selecting as Most Effective
Gain practical experience through internships, apprenticeships, or project-based work	37.8%
Networking and building professional relationships	27.4%
Earn additional certifications or credentials that demonstrate in-demand skills	16.0%
Build a professional online presence (e.g., LinkedIn, portfolio site)	9.3%
Showcase skills through a portfolio, work samples, or personal projects	5.7%
Participate in industry events, conferences, or professional associations	3.8%

METHODOLOGY

This report is based on findings from a national survey conducted by Centiment on behalf of Western Governors University between June 24 and July 7, 2026. The survey was designed to capture employers' perspectives on workforce development, hiring practices and emerging talent needs, and to track comparable measures against WGU's 2025 Workforce Decoded survey (n=3,147; fielded September 30 to October 15, 2025).

A total of 3,128 U.S.-based respondents completed the online survey. Participants represented organizations of varying sizes across a range of industries and regions. Respondents were screened to confirm that they were currently employed and directly involved in the hiring process. The sample provides a broad view of perspectives among U.S. hiring professionals represented in the survey.

Generational and industry findings reflect smaller subgroups within the sample and are best read as directional indicators of where differences are emerging. Baby Boomer respondents numbered 189 in 2026 and 95 in 2025; Government and Public Sector respondents numbered 83. Year-over-year comparisons are drawn only from questions whose wording and response options were consistent across both waves.

ABOUT WGU

WGU's mission is to change lives for the better by creating pathways to opportunity. That mission drives lasting impact for individuals and communities while strengthening the talent economy of tomorrow.

Established in 1997 by 19 U.S. governors, the nonprofit university was founded on the belief that talent is universal, but opportunity is not, and that education is a powerful catalyst for upward mobility and workforce resilience. Purpose-built as a tech-enabled, competency-based university, WGU expands access to affordable, high-quality education through workforce-aligned programs and pathways designed to deliver value for students, particularly those not well served by traditional higher education.

By continually reimagining how education is designed, delivered, and accessed, WGU connects talent to opportunity and advances economic mobility for individuals and families. This model prepares learners for in-demand roles and supports a workforce equipped to meet the needs of a rapidly evolving economy.

