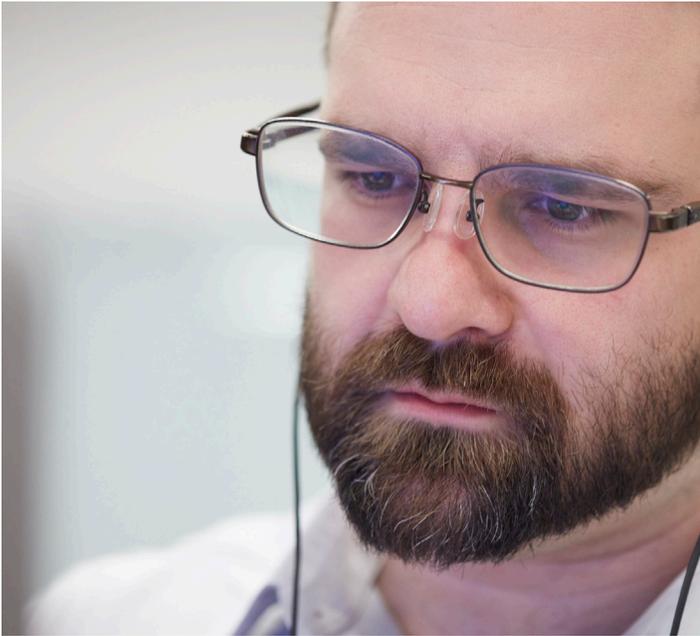


Focus on the Opportunity Gap, Not the Skills Gap

Overview:

Too often, landing a good job has less to do with a person's skills and more to do with where they went to school, who they know, or even how they look. This job market "opportunity gap" prevents millions of skilled individuals from translating their learning into earning power and denies employers access to an untapped pool of talent.





The mismatch between worker skills and employer needs is, for sure, among the many problems contributing to America’s broken labor market. *But the skills gap is part of a much larger problem, what we call the Opportunity Gap: the loss of income and career opportunity due to unfair barriers that prevent workers in America from translating their learning into earning.*

Policymakers and businesses often talk about a “skills gap” constraining workers in America. They argue that the rapid pace of technological change makes it difficult for workers to acquire the cutting-edge skills required for 21st century jobs. And they worry that millions of new jobs will go unfilled over the next few years because workers lack the right kind of skills and education.

What’s Causing the Opportunity Gap?

Research on intergenerational income mobility points to many causes of the opportunity gap facing people who are Skilled Through Alternative Routes (STARs). For example, unequal access to social or professional networks means that STARs are less likely to be recommended for higher-wage jobs by current employees or even to be aware of job openings.

In addition, it can be difficult and time-consuming for employers to verify STARs’ skills, which reinforces an over-reliance on pedigree as a proxy for skills. In fact, one key driver of the opportunity gap is the practice of requiring a four-year degree for jobs that historically did not demand one. This flawed practice is based on a false assumption that no degree means no skills, making it harder than ever for STARs to access jobs that lead to upward economic mobility.

Employers say they need skills. But they’re screening for pedigree. We really don’t know how big the widely-proclaimed “skills gap” truly is, because employers systematically screen

The Labor Market has an Opportunity Gap



“When we allow STARS to compete, businesses will have better talent, because more people will be able to shine. New industries will be able to grow, because more workers will be able to fill in the gaps. And innovation will thrive because that’s what happens when we have truly diverse workplaces—diverse in race and sex, diverse in education and career paths, diverse in family background and income levels.”

Byron Auguste, CEO and Co-Founder, Opportunity@Work

out millions of talented – and skilled – candidates based on their lack of pedigree. They assume that if you don’t have a four-year college degree and the work history that follows from it, you’re not worth considering. Worst of all, they don’t even know how much suitable talent they’ve lost, because the screening happens before they’ve assessed the skills of shortlisted candidates.

The truth is, there are millions of STARS. They already have, or are capable of, building skills for the jobs of the future, thanks to learning on the job, through military service, or in community colleges or technical training programs. But our current “rules of the race” push workers without valued pedigrees off the course and discourage others from attempting to compete in the first place.

The result: These self-defeating barriers widen the opportunity gap, preventing millions of qualified Americans from advancing into middle-wage jobs—jobs that pay at or above the median salary in the local labor market and offer an entrée to a promising career path.

How Big Is the Problem?

According to the U.S. Bureau of Labor Statistics, there are 120 million individuals in the U.S. labor market who have graduated from high school but do not have a four-year college degree. That’s more than 60% of U.S. working age adults.¹

Meanwhile, more than half of employers across fast-growing sectors acknowledge filtering out qualified candidates because they do not have a bachelor’s degree. According to research published by Accenture, Grads of Life, and Harvard Business School, as many as 6.2 million workers could be affected by affected by this degree inflation – the practice of requiring a college degree for a job that historically has not required one.²

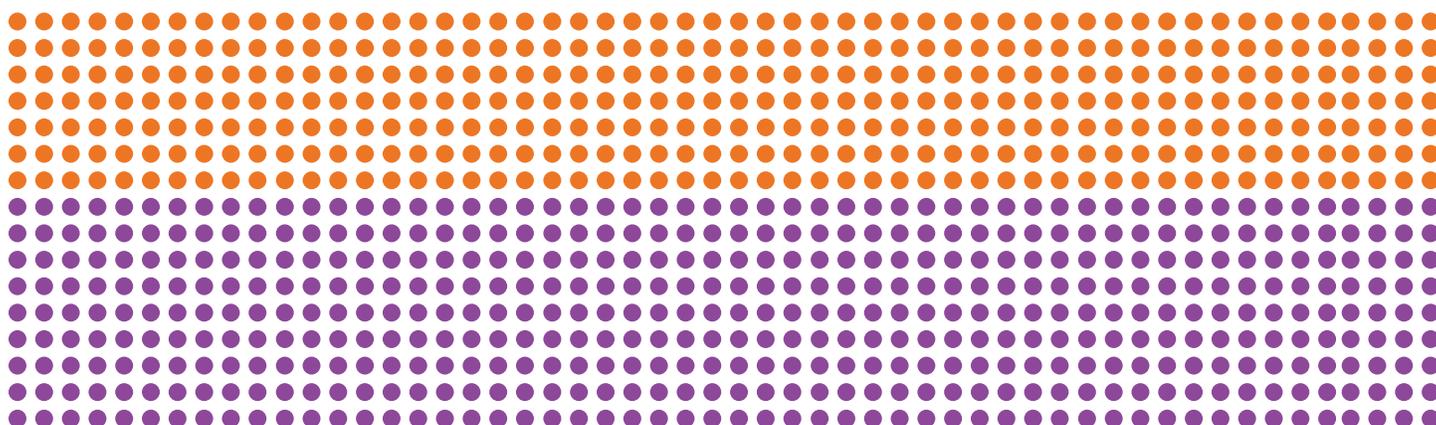
Degree inflation and the other aspects of the opportunity gap not only shuts people out of good jobs, it takes a huge financial toll on those individuals and their families. In the last 40 years, inflation-adjusted wages have risen 8% for college graduates. Meanwhile, for people with only a high school degree, real wages have decreased by almost 15%, and for people with some college but no degree, wages have decreased by 12%.³

120 Million Individuals

According to the U.S. Bureau of Labor Statistics, 120 million individuals in the U.S. labor market graduated from high school but do not have a four-year college degree.

Each Dot = 139,000 people

● = STARS

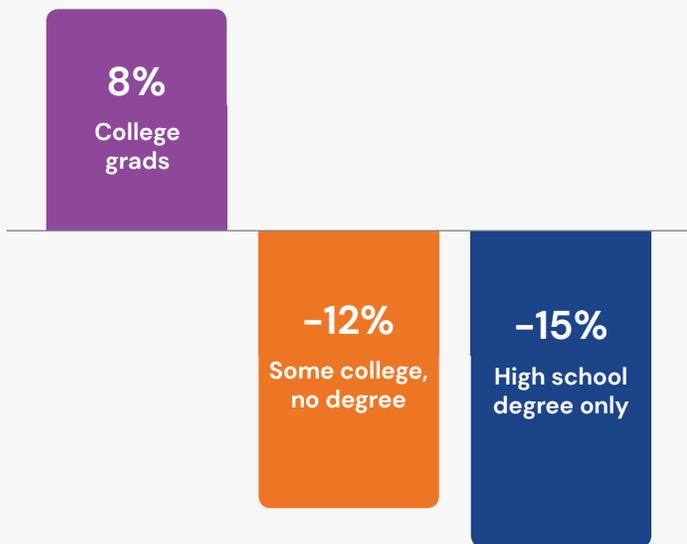


At the same time, employers are struggling to fill middle-wage jobs. For example, between 2018 and 2028, computer and information technology occupations are projected to grow 12%⁴ – much faster than the average for all occupations. And for every day that one IT job remains open, the average organization loses \$407.⁵ These good jobs are going unfilled in nearly every sector – not just technology – and most are entry-level or mid-level positions.

In other words, the same pedigree-based hiring and promotion practices which worsen income stagnation also deprive employers of the contribution which STARs could make to their business and customers.

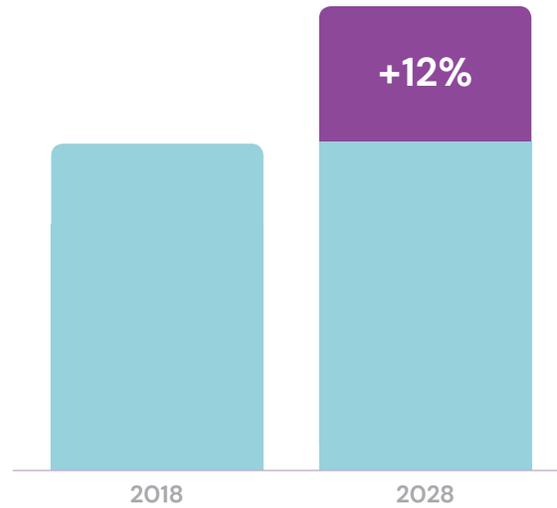
Wage Inflation-adjustment

Workers without four-year degrees have faced a widening wage gap over the last 40 years



IT Occupations are Growing

Between 2018 and 2028, computer and information technology occupations are projected to grow 12% – much faster than the average for all occupations.



The Solution? Hire for Performance, Not Pedigree

There's a relatively simple fix to this problem: expand hiring pools to include workers without bachelor's degrees who possess the skills required to get the job done.

STARs may not have a bachelor's degree, but they do have the learning, intelligence, experience, and potential to do a lot more than they're given credit for. Indeed, the evidence shows that skilled workers without a bachelor's degree perform equal or better to those with a degree:

- Productivity levels of workers without four-year degrees are higher or equal to those with four-year degrees;
- Workers without four-year degrees take the same or less time to reach full productivity; and
- They have equal or higher rates of retention.⁶

¹ United States Bureau of Labor Statistics, "Employment status of the civilian noninstitutional population 25 years and over by educational attainment, sex, race, and Hispanic or Latino ethnicity," Report 2018. <https://www.bls.gov/cps/cpsaat07.html>

² Fuller, Joseph B., and Manjari Raman. "Dismissed by Degrees: How Degree Inflation Is Undermining U.S. Competitiveness and Hurting America's Middle Class," Report October 2017. <https://www.hbs.edu/managing-the-future-of-work/Documents/dissmised-by-degrees.pdf>

³ Congressional Research Service, "Real Wage Trends, 1979 to 2017," Report March 15, 2018. Opportunity@Work analysis. <https://fas.org/sgp/crs/misc/R45090.pdf>

⁴ CEB, "Employer Playbook: Best Practices and Tools to Recruit Technology Talent from Nontraditional Sources," Report 2015.

⁵ Ibid

⁶ Fuller, Joseph B., and Manjari Raman. "Dismissed by Degrees: How Degree Inflation Is Undermining U.S. Competitiveness and Hurting America's Middle Class."

Graphic Citations

The Labor Market has an Opportunity Gap: Opportunity@Work analysis

120 million Individuals: Employment status of the civilian noninstitutional population 25 years and over by educational attainment, sex, race, and Hispanic or Latino ethnicity, 2018. Opportunity@Work analysis

Wage Inflation-Adjustment: Real Wage Trends, 1979 to 2017, March 15, 2018. Opportunity@Work analysis.

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