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UP TO 30 MILLION IN US HAVE THE SKILLS TO EARN 70 PERCENT MORE, RESEARCHERS SAY

The findings point to the potential of upward mobility for people without a college degree.

By Steve Lohr
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For the past four decades, incomes rose for those with college degrees and fell for those without one. But a body of recent and new research suggests that the trend need not inevitably continue.

As many as 30 million American workers without four-year college degrees have the skills to realistically move into new jobs that pay on average 70 percent more than their current ones. That estimate comes from a collaboration of academic, nonprofit and corporate researchers who mined data on occupations and skills.

The findings point to the potential of upward mobility for millions of Americans, who might be able to climb from low-wage jobs to middle-income occupations or higher.

But the research also shows the challenge that the workers face: They currently experience less income mobility than those holding a college degree, which is routinely regarded as a measure of skills. That widely shared assumption, the researchers say, is deeply flawed.

"We need to rethink who is skilled, and how skills are measured and evaluated," said Peter Q. Blair, a labor economist at Harvard, who was a member of the research team.

In recent years, labor experts and work force organizations have argued that hiring should increasingly be based on skills rather than degrees, as a matter of fairness and economic efficiency. The research provides quantified evidence that such a shift is achievable.

"The goal is to shine a bright light on a problem and on what can be done on the ground to help this whole group of people who are struggling in the labor market," said Erica Groshen, an economist at Cornell, a former head of the Bureau of Labor Statistics and one of the researchers.

The researchers published a broad look at the jobs, wages and skills of workers who have a high school diploma but not a four-year college degree as a National Bureau of Economic Research working paper this year. They found a significant overlap between the skills required in jobs that pay low wages and many occupations with higher pay – a sizable landscape of opportunity.

For skills, the researchers used Labor Department classifications. They defined low-wage jobs as those paying less than the nation's median annual salary of \$38,000. Middle-wage occupations were those paying from \$38,000 to \$77,000, with the midpoint of \$57,500. High-wage jobs paid more than \$77,000.

The highest-paid workers without college degrees were in computer, technical and management jobs. The lowest-paid were clustered in personal care and food preparation jobs.

A report published this week, involving most of the same researchers, examined the pathways to higher-paying jobs for these workers, their experience and the obstacles encountered. It employed proprietary data and interviews, as well as the government data used in the first study.

An office administrative assistant is a typical example of a low-paying job that can be a portal to a better one. The skills required, according to employer surveys by the Labor Department, include written and verbal communication, time management, problem solving, attention to detail and a fluency with office technology. In short, a skill set that is valuable in many jobs.

Robert B. Johnson Jr. worked as an administrative assistant at a finance company in Dallas for a year and a half. It was his first experience in an office, picking up professional skills like working in teams and business communications. He was interested in technology, and while there he heard of free computing coursework offered by Merit America, a nonprofit, that could be done on nights and weekends.

Mr. Johnson, 24, finished the computer programming course in six months. Soon after, he was hired by a local software company, where his annual salary is about \$55,000, compared with \$30,000 before. Today, he has savings in the bank, and he and his girlfriend moved into a new apartment in January. They are looking to buy a house and talk of starting a family.

"It's the American dream stuff that didn't seem feasible for me until now," Mr. Johnson said.

Moves to higher-paying jobs are typically a combination of personal initiative, foundational skills and some additional preparation like an outside course or company-sponsored training, said Papia Debroy, vice president for research at Opportunity@Work, a nonprofit social venture that worked on both studies.

In the pandemic economy, labor experts have called for increased government funding for skills training programs, especially to expand ones that have proved to help lift workers into middle-class careers. It is lower-wage workers, disproportionately Black and Latino, who have been hardest hit by the current slump. And there is concern that the economic recovery, when it comes, may only widen income gaps among workers.

Government must play a role, the researchers said. But they point out that the private sector, which is by far the largest employer, must alter its perceptions, hiring habits and career development programs to increase opportunity for workers without college degrees.

"Companies have to see this talent pool and mainstream it," said Byron Auguste, chief executive of Opportunity@Work. "Systems change in the labor market has as much to do with employers practices as public policy."

There are signs of progress in the business community. For example, the Rework America Business Network, an initiative of the Markle Foundation, is a group of major companies that has pledged to adopt skills-based hiring for many jobs, often dropping a college degree requirement. The companies include AT&T, Kaiser Permanente, McKinsey & Company, Microsoft and Walmart.

But they are the exception. For 74 percent of new jobs in America, employers frequently require four-year college degrees, according to a recent study. Screening by college degree excludes roughly two-thirds of American workers. But the impact is most pronounced on minorities, eliminating 76 percent of Blacks and 83 percent of Latinos.

The college-degree filter, Mr. Auguste said, is "self-harm for the economy, and racially and ethically."