

Written Testimony of Papia Debroy, Opportunity@Work
As Prepared for Delivery Before the U.S. House Committee on Education and the Workforce
"Competencies Over Degrees: Transitioning to a Skills-Based Economy,"
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Introduction

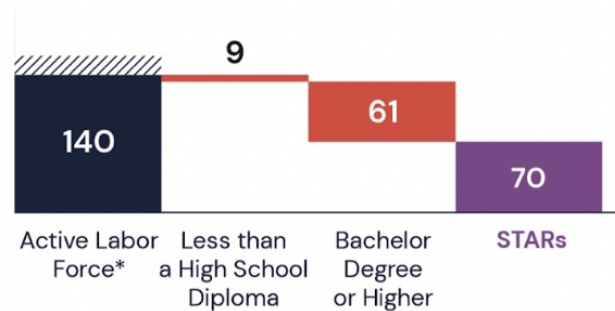
Chairwoman Foxx, Ranking Member Scott, and distinguished Members of the Committee, thank you for the opportunity to testify before you today. It's an honor to be here to discuss the American workforce. By way of introduction, my name is Papia Debroy, and I lead the research and data analytics teams at the nonprofit social enterprise Opportunity@Work.

With my testimony today, I want to accomplish three tasks: First, I want to introduce you to the 70+ million workers in the United States who are [Skilled Through Alternative Routes](#) – or STARs. These workers do not have a bachelor's degree, do have a high school diploma and have valuable skills. In fact, [our analyses](#) show there are [30 million STARs who have skills to make transitions to significantly higher wages today](#), if given the opportunity and access. Second, I want to speak about the barriers they face, barriers which include degree screens, misperceptions, and access to professional networks. These barriers amount to a "[paper ceiling](#)" which has resulted in a stunning inequality: it takes the median STAR 30 years of work to earn the starting wages of a worker with a bachelor's degree. Last, employers and policymakers are positioned to make a significant difference in the trajectory of STARs in the coming generation through targeted investments in our federal data infrastructure, through the Workforce Innovation and Opportunity Act, and by supporting investments in apprenticeships, community colleges and other pathways.

STARs are a vast, overlooked, skilled & diverse pool of workers who comprise half the workforce

STARs make up more than half the 140+ million workers in the labor market. STARs gain skills through many different pathways including community college, military service, partial college, training programs, entrepreneurship, and most commonly, by learning on the job.

Figure 1. More than 70 million workers are Skilled Through Alternative Routes (STARs) instead of a bachelor's degree.¹



STARs make up a significant portion of every region's workforce in the country. In Ranking Member Scott's Commonwealth of Virginia, STARs are 48% percent of the workforce; in Committee Chairwoman Foxx's state of North Carolina, STARs are 54% percent of the workforce. In both states, they contribute to the economy in jobs ranging from sales representatives to software developers to registered nurses.²

When a job requires a degree, employers automatically screen out 80% of Hispanic workers, more than 70% of African-Americans, 75% of rural Americans, and nearly 70% of veterans.³ While bachelor's degree programs have been, and always will be, a critical path to higher wages in our country, tens of millions of STARs are also gaining valuable skills for higher wage jobs, and they cannot and should not be locked out of opportunity. Learning – wherever it happens – must translate to earning for the American workforce.

STARs face barriers to mobility in today's labor market

STARs experience the labor market differently from workers with a bachelor's degree. When a STAR entered the workforce in 1989 at the age of 25, they were earning less than the worker with a bachelor's degree. That has historically been the case. In this generation though, STARs never caught up. Thirty years into their career, at the age of 55, STARs just start to earn what the bachelor's degree worker was earning at the beginning of their career at age 25.⁴ We are essentially equating a four year degree with 30 years of work experience. That is a stunning inequality that is new to this generation of workers.

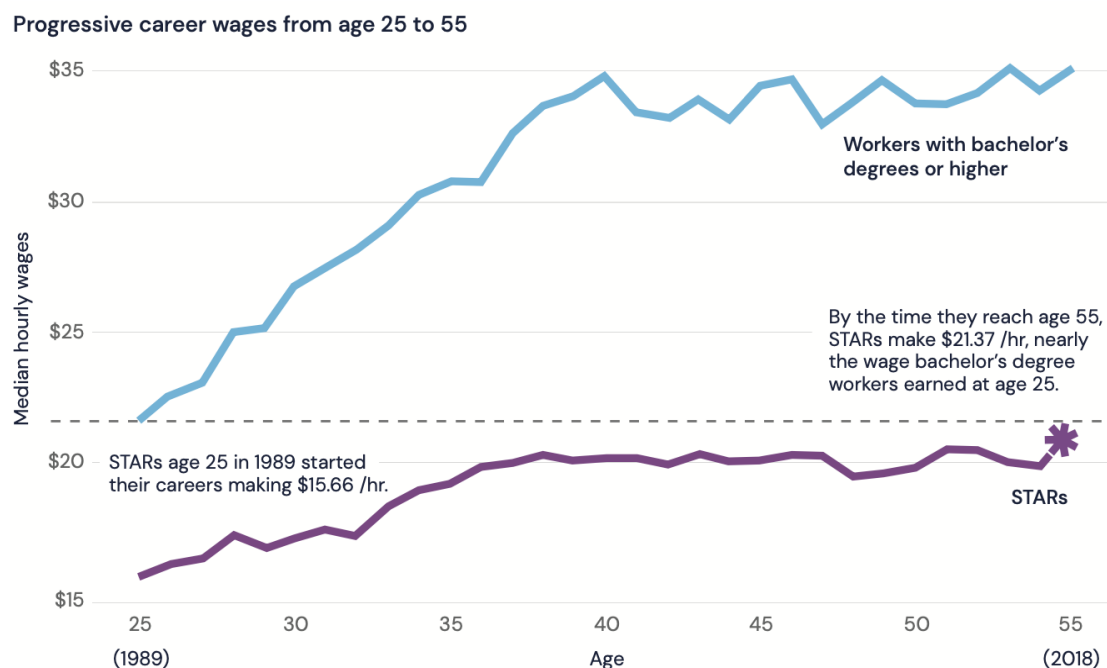
¹ We exclude 20 million workers under the age of 25 from our analysis of the labor force to ensure that the majority of the population studied has completed their education. Source: Opportunity@Work Analysis of the 2021 Current Population Survey, Annual Social and Economic Supplement, Integrated Public Use Microdata Series

² Opportunity@Work analysis of the 2019 1-year American Community Survey, Integrated Public Use Microdata Series.

³ Ibid.

⁴ Blair, Peter Q, Debroy, Papia and Heck, Justin. "Skills, Degrees and Labor Market Inequality." National Bureau of Economic Research Working Paper. July 2021. <http://www.nber.org/papers/w28991>.

Figure 2. It takes a STAR 30 years of work experience to reach the starting wages of a college graduate⁵



Analyses by our organization, Opportunity@Work, show that more than [30 million STARs have the skills](#) to do significantly higher-wage work, but systemic barriers prevent them from moving ahead. Employers' increasing use of degree screens—which have been adopted mostly in a piecemeal fashion rather than by grand design—is based on two false assumptions: First, that low-wage equals low-skill, and second, that a bachelor's degree is the only gateway to relevant skills. As a result, [70% of new jobs](#) in the past decade are ones in which employers frequently require a bachelor's degree. But this practice—aimed mainly to manage the surge in digital applications—has severe adverse effects on the majority of the workforce that does not have a bachelor's degree. It compounds other barriers related to the mobility of some subgroups (such as [Black STARs](#)), [manager beliefs](#) and biases, [professional networks](#), and a lack of access to transportation, child care, and other key services.

These barriers are what we term "[the paper ceiling](#)" and result in a lack of access to high-wage careers that affect all American workers, but disproportionately limit historically marginalized groups. This has become one of the greatest equity issues of our generation. We have an opportunity in front of us to tear the paper ceiling. How might we do this?

⁵ Source: Adapted from Blair, Debroy, and Heck (2021). Data are from the 1989 to 2019 Current Population Survey, Annual Social and Economic Supplement, Integrated Public Use Microdata Series.

There are skills-based pathways for STARs in our labor market, but STARs have systematically lost access to them

Our research shows that a journey to equity begins with understanding that [all work requires skills – and thus all workers have skills](#). For example, if you're showing up to work every day as a retail worker, our Department of Labor suggests you're bringing 35 skills to your job: persuasion, active listening and speaking skills amongst them. What we at Opportunity@Work have analyzed is how those skills position these workers for lots of other high-paying jobs in the US labor market: we've studied 130 million job transitions made by workers in the past 10 years to understand when, and how, STARs translate their skills to higher wages. What we find is that STARs do leverage those skills to make transitions to higher wage jobs: for instance, retail workers frequently use those skills to transition to sales representatives. In the last five years, almost 100,000 STARs have achieved skills-based economic mobility by moving from retail workers to sales representatives.⁶

Figure 3. Skills-based pathways in the U.S. labor market suggest the majority of STARs have skills for significantly higher wage work, today⁷



This figure shows the high skills overlap between two sales roles. The first is accessible to STARs, while the second is less so. About 96,000 STARs have made this transition in the five-year period from 2017 to 2021.

When STARs make an upwardly mobile transition to higher wages, they most commonly do so to a subset of jobs in our labor market – almost [300 jobs we term gateway and destination jobs](#). Unfortunately, the pathways into these jobs are precisely the ones that have been increasingly blocked for STARs. In fact, STARs lost access to [almost 7.5 million](#)

⁶ Opportunity@Work analysis of the Occupational Information Network (O*NET) 25.3 Database and 2012 to 2021 Current Population Survey, Annual Social and Economic Supplement, Integrated Public Use Microdata Series. Blair, Debroy, and Heck (2021).

⁷ Ibid.

[gateway and destination job opportunities](#) in the past two decades. The kinds of jobs they're being locked out of include roles such as secretaries, human resource assistants, customer service representatives, computer support specialists, medical diagnostic technicians, and more.

These are historically the jobs that have opened the door to upward mobility to American families. When STARs are blocked from these jobs, they are also blocked from the next, higher-paying job on an upward career pathway. Further, we find that [STARs of color face higher barriers to these critical gateway and destination jobs](#) – they don't access the same upwardly mobile transitions, and when they do, they earn less than their white counterparts. A similar story is true for [female STARs](#): when they get the job, they earn less than their male counterparts.

Despite the myriad of barriers STARs face, STARs are represented in almost every occupation in the U.S. labor market.⁸ They represent millions of proof points that workers can gain skills through alternative routes to be successful in middle- and high-wage work. This analysis suggests we need to re-open these jobs and pathways for STARs. And, we must position STARs for the tens of thousands of new jobs that will be added to our labor market in the coming years.

Spotlight on STAR LaShana Lewis. LaShana Lewis grew up in East St. Louis. She took an early interest in computers and volunteered her time to IT professionals who taught her the computer science basics. After high school, LaShana was accepted into a strong computer science program at a technical university in Southern Illinois, but when her mother got sick, she had to drop out.



Because she had built important skills, she believed she could land a tech job. However, for 10 years, she applied to jobs but got nowhere. She worked in call centers, drove buses and even found part-time work as a substitute teacher for a computer class. When the instructor left, LaShana applied for the full-time job, but the school told her they couldn't hire her without a degree. "But you know I can do it," she said. Their answer? "We

do. It's such a shame."

⁸ Opportunity@Work analysis of the 2019 1-year American Community Survey, Integrated Public Use Microdata Series.

Eventually, LaShana connected with LaunchCode, which helped her demonstrate her skills and land her first tech job as a software engineer at MasterCard. She flourished in that role. Since then, she has become the Chief Technology Officer of a startup in St. Louis and founded her own consulting company. She even has a patent in her name.

70+ million STARs have [70+ million stories](#), just like LaShana's. As [she has said](#) "People say I am one in a million, but I know I am one of millions."

Charting a path forward for STARs requires employers to implement skills-based hiring

We are frequently asked where communities should start if they want to turn the tide for STARs? Specifically, what is the role of employers?

First, let's be clear that the private sector is not the only employer of focus. The [public sector plays a critical role](#), as federal, state, and local government actors are some of the largest employers in every state across the country. Yet, government employees hold degrees at higher rates than the private sector, with state and local government employees holding them at the highest rates (57%) relative to federal (49%) or private sector (36%) employees, suggesting government jobs may be more likely to require a degree.

I want to recognize [how quickly the public sector has acted](#) upon realizing this error. Thirteen states have removed degree requirements for state roles in the past 12 months. Many leaders realize that these actions are low-cost ways to open state hiring processes to more applicants and improve economic mobility for qualified workers who have been largely excluded from state hiring systems. This sends a message to everyone in a state – including other employers – that if a worker has the skills to do a job, they should have access to the job and the potential career advancement it offers.

Second, employers must be incentivized to shift to skills-based hiring. Whereas traditional hiring practices use education, previous employers, years of experience, and job titles as indicators of a job candidate's capabilities, skills-based hiring focuses intentionally on the specific skills needed to do the job. This sounds straightforward, but it requires a shift in culture and practice.

The [implementation of skills-based hiring](#) requires specific, targeted adjustments to standard hiring practices, from how you write your position descriptions to how you screen, interview, and assess candidates. This includes: (a) rewriting job descriptions to replace

degree requirements with skills requirements, (b) broadening sourcing and recruitment strategies to attract new and different candidates, (c) rethinking interview protocols to assess candidates' skills rather than their "fit", and (d) and looking internally to create more upward mobility opportunities for the STARS you currently employ.

More broadly, employers must recognize that skills, not credentials and certainly not social capital, are the currency of the labor market. Bringing that clarity to talent management practices – from hiring, to training, performance management, and promotion – is the first step toward a more efficient and effective labor market. Indeed, the return on these investments in skills-based hiring extends far beyond the hiring process. With larger, more diverse pools of applicants and more effective candidate assessment, employers can expect to see an increase in the quality of new hires as well as improvements in productivity, employee engagement, and retention.

In addition to the labor market and employer benefits, skills-based hiring enables us to reset the narrative that undervalues the skills and capabilities of over half of the workforce. Our organization, Opportunity@Work, launched a public awareness campaign in partnership with the Ad Council in the Fall. The campaign's market research shows that the term "STARS" with its asset-based premise has been a powerful antidote to the deficit-based workforce terminology so often used to describe this talented group of workers. This important campaign has brought together more than 50 national partners, and calls on employers to Tear the Paper Ceiling for STARS: Remove degree requirements, rethink our perceptions of who is skilled, and see STARS as solutions to the next generation of American workforce challenges. You can learn more at tearthepaperceiling.org.

Policymakers can make investments in data infrastructure, WIOA and pathways such as apprenticeships to shift the trajectory for STARS

While employers are an important actor in shifting the tide for STARS, policymakers are critical. Our policy actions can reshape opportunities for this population for the coming generation in significant and impactful ways. I focus on three areas of impact:

First, we need a 21st century federal workforce data infrastructure. For labor market policies to be sustainable, they must be based on hard evidence to allow effective and targeted interventions that enable the labor market to operate more efficiently and equitably. All labor market participants need trustworthy, granular, timely, and accurate data on occupations, vacancies, unemployment, wages and skill needs longitudinally, and across geographies.

Our current official labor market data are trustworthy but have long lags and/or provide

insufficient skill, occupational and geographic detail to guide many decisions well. We could do much better by enhancing, combining, and analyzing data currently collected by the states for administering the Unemployment Insurance (UI) program. The Bureau of Labor Statistics (BLS) already collects employer-level UI data for the Quarterly Census of Employment and Wages. BLS and over 20 states have an effort underway to expand this capacity for processing worker-level records under the [Wage Records Program initiative](#). BLS and the states need funding to speed up this effort and allow all states to participate. With these data collected and curated on an ongoing basis, BLS can provide more detailed and granular statistics and evaluators can produce better and faster studies of program impacts. Then workers and employers will have better data to guide their decisions, program officials will have better input for allocating their efforts, and policymakers will have better evidence about policy effectiveness and gaps that need to be addressed.

Only with 21st century data can the country ensure that its institutions, policies, and programs efficiently support a dynamic and equitable labor market in the 21st century.

Second, we must strengthen the Workforce Innovation and Opportunity Act (WIOA). WIOA is the primary funding source offering STARs access to skills training and supportive service programs to ensure that they are learning the skills to obtain in-demand, good jobs with family sustaining wages as well as providing employers with highly skilled workers. WIOA creates a strong alignment between workforce, education, and economic development systems that provides STARs with access to a variety of programs and services to help meet their career goals.

WIOA could further strengthen this alignment by elevating community colleges as the key players that they are in local economies and [encouraging increased investment in them](#) to develop STARs' skills in existing and emerging fields as part of the law's sector partnerships requirement. For decades now, community colleges have been an [engine of economic mobility](#) for STARs because they are flexible, affordable and accessible. The majority of STARs (56%) have some college credit, and nearly 1 out of every 5 STARs has an associates degree. In the next decade, those traits will be direly needed, along with innovative enhancements, to create an adaptable system that more deeply connects workers with education and employment. In addition, stakeholders that are a part of sector partnerships should be encouraged through WIOA to use skills as the unit through which to design skills-based training, reimagine job descriptions, and improve hiring processes. Support to employers and education institutions to make these changes could be delivered through technical assistance through the business services that workforce investment boards already provide to employers.

WIOA also can also benefit from better performance measures. We measure and track what we care about. STARs have been left behind for a generation of economic prosperity in a systematic way. To begin to shift that, we must think about performance metrics to track outcomes of STARs – including measurement of income shifts, their skills, support services – and more. A decision to measure impacts behavior: for instance, when we have opportunities to allocate state funding under major programs such as WIOA, how might we consider allocating funding toward plans that encourage STAR hiring? Or, imagine the impact that a [Pay for Success](#) model could mean for increased STAR employment in middle-wage roles.

Third, policy makers can support employers as they experiment with new ways to implement skills-based hiring. For example, employers are deploying apprenticeships and other work-based learning programs to create new opportunities for entry into roles that are often off-limits to STARs. Our research shows that since 2010 registered apprenticeships have expanded to more than 100 new roles, and employers have implemented informal apprenticeships in an additional 200 roles. Further, nearly 40% of workers entering new registered apprenticeship programs were going into high-wage roles, including management, healthcare, and information technology – pathways for which employers have traditionally required a bachelor's degree.⁹

This expansion is allowing STARs, especially STARs, and in particular workers of color and women, to enter jobs they traditionally have less access to. Whereas 8% of workers who are Management Analysts are Black in our labor market, 19% of apprentices studying to become Management Analysts are Black; and whereas 19% of software developers in our labor market are women, in 2021, women made up 31% of people entering an apprenticeship for this role.⁵ Expanding access and investment in these pathways is a critical lever to improve equity for STARs. A federal investment in technical assistance for apprenticeships and other work-based learning programs could spur innovation and encourage adoption of these practices.

Conclusion: STARs are a solution to many workforce challenges we currently face

In closing, I thank you for your commitment to building a skills-based economy. STARs are a critical part of the workforce – it is time to activate them to meet the needs of American businesses for this next generation.

I am happy to answer any questions you may have. Thank you for your time today.

⁹ Opportunity@Work and Lightcast. [The Changing Face of Apprenticeships](#). 2022.