Skills, Degrees and Labor Market Inequality

Peter Blair, Papia Debroy, Justin Heck

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More than 70 Million U.S. Workers are STARs


<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Inactive Population (not in the workforce)</th>
<th>Children &lt;18</th>
<th>Over 65</th>
<th>18-65 (Ill, Disabled, Other reasons)</th>
<th>Currently enrolled in college/university</th>
<th>Active Population (currently in the workforce)</th>
<th>With Bachelors</th>
<th>With less than High School</th>
<th>With less than BA degree, 18-24</th>
<th>All STARs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total US Population*</td>
<td>343</td>
<td>159</td>
<td>74</td>
<td>35</td>
<td>30</td>
<td>20</td>
<td>161</td>
<td>60</td>
<td>14</td>
<td>13</td>
<td>71</td>
</tr>
</tbody>
</table>

Inequality of wages between college educated workers and STARs increased significantly in past generation

Workers with bachelor's degree or higher

Median hourly wages, 2019 dollars

STARs made 79.5 million job transitions from 2010-2019. Only 39% led to an increase in wages of 10% or more. 23% were lateral moves, and 37% led to lower wages

Source: Blair, Debroy, Heck (2020); Opportunity@Work. “Navigating with the STARs,” (November 2020).
Low Wage Does Not Mean Low Skill

Example: a skills based transition

Origin Job: Retail Salesperson
Destination Job: Customer Service Representative

<table>
<thead>
<tr>
<th>Skill</th>
<th>Origin Job Score</th>
<th>Destination Job Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persuasion</td>
<td>3.88</td>
<td>4.13</td>
</tr>
<tr>
<td>Active Listening</td>
<td>3.75</td>
<td>3.88</td>
</tr>
<tr>
<td>Speaking</td>
<td>3.75</td>
<td>3.88</td>
</tr>
<tr>
<td>Service Orientation</td>
<td>3.75</td>
<td>3.50</td>
</tr>
<tr>
<td>Social Perceptiveness</td>
<td>3.50</td>
<td>3.50</td>
</tr>
<tr>
<td>Negotiation</td>
<td>3.50</td>
<td>3.37</td>
</tr>
<tr>
<td>Critical Thinking</td>
<td>3.12</td>
<td>3.44</td>
</tr>
<tr>
<td>Reading Comprehension</td>
<td>3.00</td>
<td>3.25</td>
</tr>
<tr>
<td>Coordination</td>
<td>3.00</td>
<td>3.13</td>
</tr>
</tbody>
</table>

STARs have different trajectories to higher wage work

**Shining STARs**  
are in high wage roles today

**Rising STARs**  
have the skills for significantly higher wage work (70% on average), based on their current role

**Forming STARs**  
do not yet have the skills for significantly higher wage work, based on their current role

5M  
Shining STARs

20M in low-wage roles  
14M in low-wage roles  
19M in middle-wage roles

30M  
Rising STARs

10M in middle-wage roles

36M  
Forming STARs

15M in middle-wage roles

Study of 130 million Transitions shows Skills are the Currency of Workers in Labor Market

Source: Blair, Debroy, Heck (2020).
Two Labor Markets for Upwardly Mobile Transitions: one for STARs and one for BA workers

Source: Blair, Debroy, Heck (2020).
Black, Hispanic and Women STARs are Underrepresented on Pathways to Mobility

An equitable recovery focuses on STARs

“I worked at a community college for 2 decades. I was among the first to be laid off when COVID hit, even though I had more experience and skills than many of my colleagues. My previous supervisor once told me that had I gone to college I would be running this community college.”

Joann, Office Administrator