Leveraging Workers’ Skills for an Inclusive Economy: Tools, Resources, and Evidence

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Leveraging Workers’ Skills for an Inclusive Economy: Tools, Resources, and Evidence

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Skills, Degrees and Labor Market Inequality
More than 60% of our workforce frequently locked out of opportunity

26% of new jobs between 2008-2017 were in occupations where employers typically do not require a 4-year college degree.

60% of the adult workforce does not have a 4-year college degree.
Study of 130 million Transitions shows Skills are the Currency of Workers in Labor Market

Low Wage Does Not Mean Low Skill

Example: a skills based transition

<table>
<thead>
<tr>
<th>Origin Job: Retail Salesperson</th>
<th>Destination Job: Customer Service Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persuasion</td>
<td>4.13</td>
</tr>
<tr>
<td>Active Listening</td>
<td>3.88</td>
</tr>
<tr>
<td>Speaking</td>
<td>3.88</td>
</tr>
<tr>
<td>Service Orientation</td>
<td>3.50</td>
</tr>
<tr>
<td>Social Perceptiveness</td>
<td>3.50</td>
</tr>
<tr>
<td>Negotiation</td>
<td>3.37</td>
</tr>
<tr>
<td>Critical Thinking</td>
<td>3.44</td>
</tr>
<tr>
<td>Reading Comprehension</td>
<td>3.25</td>
</tr>
<tr>
<td>Coordination</td>
<td>3.13</td>
</tr>
</tbody>
</table>

Some STARs Achieve Mobility through a Number of Promising Pathways

Sources: Opportunity@Work. “Navigating with the STARs,” (November 2020).
Black, Hispanic and Women STARs are Underrepresented on Pathways to Mobility

<table>
<thead>
<tr>
<th></th>
<th>Low Wage Occupations</th>
<th>Middle Wage Occupations</th>
<th>High Wage Occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>48%</td>
<td>49%</td>
<td>3%</td>
</tr>
<tr>
<td>Black or Hispanic</td>
<td>51%</td>
<td>46%</td>
<td>3%</td>
</tr>
</tbody>
</table>

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
Leveraging data assets to support STAR mobility

From:
- STARs: Discouraged
- Training Providers: Resource Constrained
- Employers: Too time-consuming

To:
- Empowered
- Connected and enabled
- Sourcing candidates for skill, efficiently

stellarworx

One-Stop Shop
An all-in-one solution that connects employers to training providers and a pipeline of skilled talent.
Leveraging Workers’ Skills for an Inclusive Economy: Tools, Resources, and Evidence
Promoting workers’ upward mobility

The Workforce of the Future initiative
The Brookings Institution

Marcela Escobari, Senior Fellow
Ian Seyal, Senior Research Analyst and Project Manager
WorkRise, July 2021

The Workforce of the Future Initiative is thankful for the ongoing support of the Mastercard Center for Inclusive Growth, the Bill and Melinda Gates Foundation, and Google.org.
moving up

Promoting workers’ economic mobility using network analysis

MARCELA ESCOBARI
IAN SEYAL
CARLOS DABOIN CONTRERAS

BROOKINGS | Workforce of the Future Initiative
A data-driven roadmap for city-level industry and workforce planning

Identify industries that drive growth...

and their workforce needs,

and maximize upward transitions...

with reskilling that meets workers where they are...

and reforms that support workers.

**INSTITUTIONAL REFORMS**
- Wage subsidies, portable benefits, and training subsidies

**FIRM-LEVEL REFORMS**
- Increased training, promotion pathways, steady hours, and higher wages

**BOISE’S STRATEGIC AND FEASIBLE INDUSTRIES, 2017**
- Less complex than city average
- More complex than city average

**PROJECTED PERCENT CHANGE IN EMPLOYMENT**

**COMPUTER NETWORK ADMINISTRATORS**
- Information systems manager
- Various managers
- Computer software engineers
- Management analysts
- Computer scientists
- Designers
- Office machine repairers
- Customer service representatives
- Office clerks
- Retail salespersons

**Downward transitions**

**Upward transitions**
Our approach: Identify strengths, grow industries, and build talent

Feasible and strategic industries

Investment in strategic industries ripples through local job markets. Cities and regions can anticipate their needs and align workforce development. For example, retaining tech industries in Boise, Idaho will require more workers in computer occupations.

Source: Brookings analysis of Emsi, ACS, and OES data
Job transitions data can show well-trod pathways that offer higher wages

- For every occupation, we calculate a mobility index that indicates how workers in that occupation will tend to do in the future.

- For each one, we can identify pathways that are both feasible and which are likely to offer a wage increase.

Note: The figure shows the five most likely destination occupations, and those occupations’ likely destinations, for retail salespeople. The thickness represents the relative likelihood of each destination and the color represents moves that typically pay wages above or below the average move. The occupations are ordered from highest to lowest wage. The probabilities in the second step are not conditioned on the first transition.

A data-driven roadmap for city-level industry and workforce planning

Identify industries that drive growth...

and their workforce needs,

and maximize upward transitions...

with reskilling that meets workers where they are...

and reforms that support workers.

BOISE’S STRATEGIC AND FEASIBLE INDUSTRIES, 2017

Less complex than city average

More complex than city average

Computer systems design and related services

Software publishers

Beverage manufacturing

PROJECTED PERCENT CHANGE IN EMPLOYMENT

PROJECTED PERCENT CHANGE IN EMPLOYMENT

INSTITUTIONAL REFORMS

Wage subsidies, portable benefits, and training subsidies

FIRM-LEVEL REFORMS

Increased training, promotion pathways, steady hours, and higher wages
Many workers must make an occupational transition to earn decent wages – 31 occupations, which employ nearly 20 million workers, pay at least 90 percent of workers within them less than $20 an hour.

Over 10 years, only 43% of workers in low-wage occupations leave low-wage work. Their probability of leaving low-wage work also declines over time.

The data suggest that workers in these occupations have a 13% chance to escape low-wage work within their first year, dropping to a 1% chance by their tenth year.

Many individuals remain in low-wage work, even over long periods of time. Low wage work is sticky. Chances of escaping low-wage work decline over time for people in the 31 lowest paid occupations.

Source: Brookings analysis of BGT, CPS, and OES data.
Race and gender mobility gaps hold certain workers back

Black and Hispanic workers see lower mobility compared to their white and Asian counterparts; women see lower mobility than men. These gaps hold for workers with a bachelor’s degree, so they are not driven by racial-gender differences in education.

Source: Brookings analysis of CPS and OES data.
Home health aide and personal care aide jobs are both low-paying, but each occupation is a common step on the path toward two higher-skilled, higher-paying positions: licensed practical and vocational nurses (LPNs) and registered nurses (RN).

Black and Hispanic workers access this pathway at significantly lower rates than their white counterparts.

For example, white workers transition from home health aides to RN positions at a rate 3.5 percentage points higher than Black workers and 9 percentage points higher than Hispanic workers. Similarly, white workers make the transition from LPN to RN jobs at rates 20 percentage points higher than Black workers, and 17 points higher than Hispanic workers.

Conversely, Black and Hispanic workers are far more likely to transition downward from LPN jobs into home health aide jobs.
Intragenerational mobility has been declining and may decline further.

Economists documented a polarization of the labor market through the ’80s, ’90s, and early 2000s. This evolution has become more regressive, a trend clearly exacerbated by the pandemic. ‘Stepping-stone’ occupations, which workers pass through on their way from low- to high wage work, are expected to decline faster as a share of employment than non-stepping-stone index occupations.

Source: Brookings analysis of CPS, OES and ACS and BLS employment projections.
Tech example: widen equitable, high-value pathways

Technology and engineering is the network’s highest paid, highest mobility, and second-fastest growing cluster.

High barriers to entry pose particular obstacles for low-income workers from other clusters, who transition into technology and engineering jobs at very low rates.

Moreover, those who do transition into the cluster are disproportionately white and male: white workers make this transition 24 percent more often than Black workers and 77 percent more often than Hispanic workers, while men make it 45 percent more often than women.

Source: Brookings analysis of CPS and OES data.
What are the most feasible “next step” jobs for a retail salesperson?

Access Mobility Pathways at https://www.brookings.edu/interactives/wof-mobility-pathways/
Employers can staff in-demand occupations while promoting internal mobility

Office machine repairers are a top “origin” occupation for lucrative computer jobs. Employers looking to build up their tech talent can promote internal upward mobility through targeted investments in reskilling these lower-wage workers.
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A Skills-Based Approach to Occupational Mobility

Kyle DeMaria, Federal Reserve Bank of Philadelphia
Kyle Fee, Federal Reserve Bank of Cleveland
Keith Wardrip, Federal Reserve Bank of Philadelphia
Disclaimer

The views expressed here are those of the presenter and do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.
Our guiding principles, data, and methods

Occupations Defined by Tasks and Skills
• An occupation can be thought of as a bundle of tasks, for which a worker needs a certain set of skills.
• Occupations differ in the types of skills they require and the frequency with which those skills are required.

Skills Described in Online Job Ads
• We analyzed nearly 60 million online job advertisements posted between 2014 and 2018.
• Our analysis covers the 33 metro areas with at least 1 million jobs.

Potential Transitions:
• Occur within and between lower-wage and opportunity occupations.
• Require at least a 10 percent pay increase but not a bachelor's degree.
• Involve destinations projected to remain stable or grow nationally between 2018 and 2028.

Top Transitions:
• Represent potential transitions with a similarity score greater than 0.75.

Skills can be viewed as a bridge rather than as a gap.

• Overall, we find a high degree of similarity between the skills required for lower-wage occupations and the skills required for opportunity occupations.

Note: Ranks ≤10 shaded dark orange; ranks >30 shaded light orange.

We find over 4,000 top transitions in the 33 metro areas analyzed.

- Nearly half of lower-wage employment can be paired with a top transition (similarity score > 0.75).
- Overall, top transitions would represent an increase in average annual median wages of 49%, from around $30,000 to just under $45,000.

Demonstration: Occupational Mobility Explorer

In Exploring a Skills-Based Approach to Occupational Mobility, researchers from the Philadelphia and Cleveland Feds analyze the skills that employers request in the 33 largest metro areas and look for opportunities for workers to transfer their skills from one occupation to a similar — but higher-paying — occupation in the same labor market. This application is designed to make the findings interactive and wholly accessible to those interested in economic mobility.

- **Build Your Path**
  See which occupations require similar skills and represent at least a 10% increase in wages.

- **Compare Skills**
  Compare the 25 most in-demand skills for any pair of occupations in a metro.

- **View Top Transitions**
  View, sort, and download data for pairs of occupations considered most similar.

https://www.philadelphiafed.org/
Strategies to improve economic mobility and help meet the needs of employers

• Skills-based hiring practices could expand applicant pools to include workers who do not have a bachelor’s degree – but who do have many of the skills required to do the job.

• Targeted training could provide otherwise qualified workers with the skills necessary to make a successful transition.

• Collaboration between employers, education providers, and workforce development organizations can ensure training meets local demand.
Thank you

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Connecting Workers with Good Jobs

Debbie Hughes, Director, Markle Foundation

July 22, 2021
The Rework America Alliance
Rework America Alliance

Working to help millions of unemployed workers from low-wage roles move into better jobs

The Rework America Alliance brings together more than 30 leading organizations - employers, non-profits, educators, government entities, and public and private organizations.

The Alliance is focused on opening opportunities for workers who have built capabilities through experience but do not have a bachelor’s degree - particularly people of color and women as they have been disproportionately affected by the economic crisis.
The Alliance will identify effective training programs aligned to good, in-demand jobs, beginning with programs from initial participating organizations:
Connecting Workers to Good Jobs

- Identifying promising job progressions for workers to pursue
- Identifying high-quality training programs aligned to skills needed for emerging jobs
- Developing digital tools to help career coaches and other support specialists better serve displaced workers
- Directly engaging employers to drive the adoption of inclusive sourcing and hiring practices and developing tools and resources to help them take action
Identifying promising job progressions for workers to pursue
Job Progressions From Origin to Gateway to Target

Origins

(<$37,000) and Mid-wage ($37,000–$42,000) occupations, with high unemployment among workers without 4-year degrees
Eg, waiters

Gateways

A good job that can lead to Target occupations with the opportunity to build skills while also offering >$42,000 in pay
Eg, training and development specialists

Mid-wage Origins

Offers some small bump in pay for those who start from Origins to pay ($37,000–$42,000)

Targets

Middle- to higher-wage (>=$42,000) occupations that are good quality by being resilient to automation\(^1\) and accessible based on job experience, not just credentials
Eg, sales managers

Historical Adjacencies

Offers a bump in pay to middle- to higher-wage occupations (>=$42,000) but has limited historical success for advancing to Target occupations

\(^1\) Based on McKinsey Global Institute's analysis of risk of offshoring and automation (2019).

Sources: Mckinsey analysis using Emsi, Bureau of Labor Statistics, and McKinsey Global Institute,
Gateways Unlock Job Progressions

Our analysis reveals that 77 Gateway jobs are especially effective at unlocking job progressions into Target jobs.
There are 77 ‘Gateway’ occupations that have been proven to be springboards to economic advancement and could improve racial representation.

70% of job progressions that provide transitions to Gateways and Targets hinge on transferable interpersonal skills, best learned through experience.

Gateways and other good, viable, occupations will account for nearly 20% (or ~1 million) of the new jobs over the next year, though there is likely to be intense competition for these roles.

Occupations in Healthcare, Industrials (Manufacturing & Construction), and digital roles that cut across sectors will likely provide ~40% of good, viable jobs over the next 12 months.
Tools to help workers move into better jobs
Job Insights and Data

Rework Community Insights Monitor

Explore the tool at:


Google “Community Insights Monitor”

Regional Fact Packs

Top 15 Gateway Job Postings by Industry/Employer*

Top 15 Gateway Job Postings

Top Employers Posting All Occupations

Top 10 Employer-Posters Across Top 15 Gateways

Rework America Alliance
Resources for Career Coaches

Virtual Career Coach Training

Skill My Resume

Data driven career pathways

Job Progressions Tool
Explore the tool at: https://jobprogressions.mckinsey.digital/

www.skillmyresume.com
Resources for Employers

Driving the adoption of Skills-based practices in hiring and talent management

- Skillful Talent Series
- Job Posting Generator
- Sourcing & Hiring “Quick Start” Playbook
- Job-specific Hiring Toolkit
- HRIT “How-to guides”
Connecting Workers to Good Jobs

- Deploying resources to multiple locations through regional partners and State Network
- Securing employer commitments to change hiring and talent management practices
- Building the technical infrastructure to support the scaling of tools and resources
Rework America Alliance

Thank you.

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