

# Building a Labor Market That Works for All

## Inclusion of Workers who are Skilled Through Alternative Routes (STARs)



### Executive Summary

- As of 2021, there are more than 70M workers that do not hold bachelor's degrees but who have skills that are undervalued in our labor market.
- This includes the majority of Black, Latinx, and rural workers.
- More than 32M workers already have skills for higher wage work today if the labor market valued their skills.

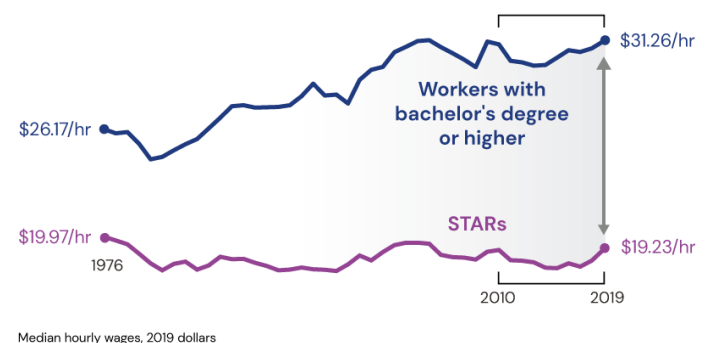
## Introduction

Over the past few decades, while the overall economy has grown, wages for the majority of workers – workers without bachelor's degrees – have not. The [Economic Policy Institute finds](#) that wages of workers with college degrees are rising much faster than those without – a college wage premium of nearly 50% as of 2019. The common narrative to explain this wage gap is that there's a skills gap—workers without college degrees supposedly do not have the skills to earn high wages.

Data shows that that presumption is incorrect. These workers have important skills to contribute to our labor market – they are “Skilled Through Alternative Routes” (STARs). STARs gain skills through military service, community college, bootcamps, or most commonly, on the job. They are often characterized by what they lack—a bachelor's degree—not the skills they have, and are they are unfairly held back in our labor market.

STARs advancement is blocked in myriad ways: employer's degree requirements, insistence on the need for “reskilling,” and data biases that measure skills using a bachelor's degree as a proxy, to name a few. And they experience a broken labor market, characterized by wage stagnation, a lack of economic mobility, and increasing inequality. To create strong communities characterized by good jobs for all, we must leverage STARs skills.

Median hourly wages by education, 1976–2019



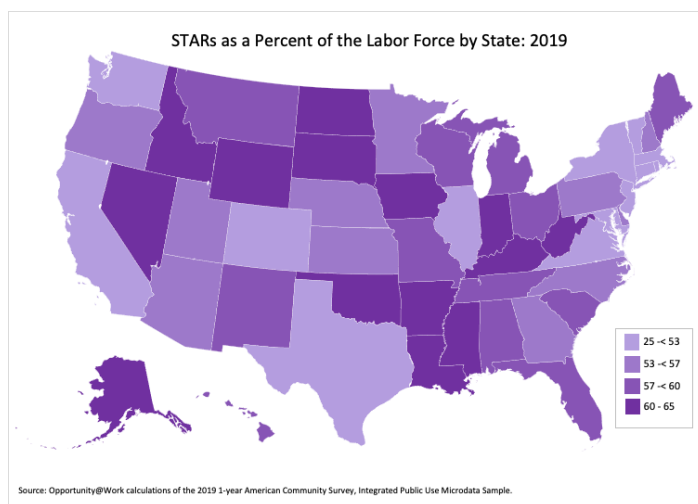
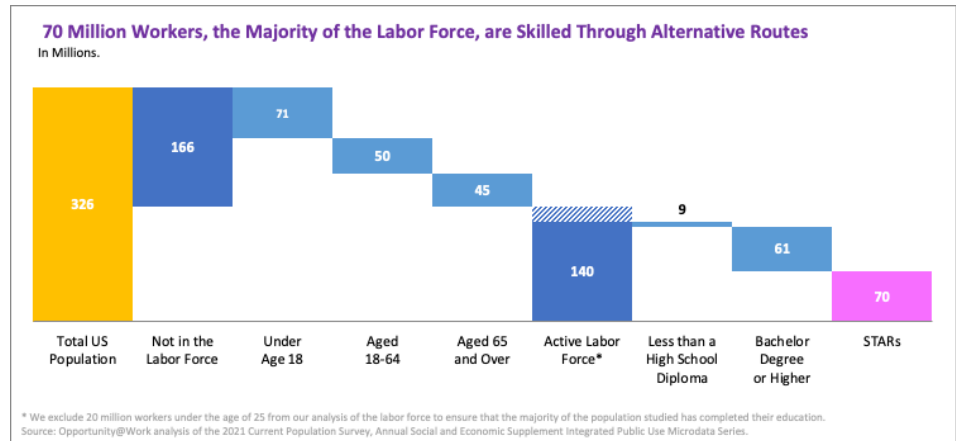
## Who are STARs?

The more than 70 million STARs, who have a high school diploma or equivalency but not a bachelor's degree, make up about half (50%) of workers in the labor market, relative to workers with bachelor's degrees – who make up 44%.

STARs make up the majority of Hispanic workers, rural workers, and white workers.

There are nearly twice as many [Black STARs](#) as Black workers who have bachelor's degrees – 10.1 million and 5.1 million respectively, and almost three times as many [Hispanic STARs](#) as Hispanic workers with bachelor's degrees.

**Throughout the COVID-19 pandemic, two of every three essential workers that showed up to keep our economy running were STARs.**



### STARs are in every labor market in America

STARs make up more than half of workers in almost every state, and in some states, more than 3 in 5 workers are STARs. States across the South and Midwest typically have higher concentrations of STARs.<sup>1</sup>

There are two types of states where STARs make up a smaller fraction of the labor force, and they suggest different types of intervention. First, some states have fewer STARs and more workers with bachelor's degrees, like across New England and the Mid-Atlantic, as well as in Colorado. Second, states may have a lower proportion of STARs because they have more workers without bachelor's degrees, like California and Texas.

These states have a higher proportion of [Hispanic workers](#), who are less likely to have finished high school than workers of other races.

## Creating Conditions to Close the Opportunity Gap for STARs

STARs have built important skills in jobs that are typically low wage, but not low skill – in fact, [many have the skills for higher wage work today](#). They [make up the vast majority of workers](#) in many types of jobs that are

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

critical to our economy — like home health aides, truck drivers, food service, retail jobs, and administrative professions.

Categorizing STARs as a monolith—“workers without college degrees”— and using degrees as a proxy for skills underestimates the skills and talents STARs bring to our labor market. This mischaracterization of our labor force creates a false diagnosis of a skills gap, when we really have an opportunity gap.

## **Policymakers who seek to create economic mobility for workers must start with understanding and valuing the skills STARs already have.**

Policy at all levels creates barriers for STARs upward mobility in a number of ways. To name a few: a lack of data infrastructure, underinvestment in supports for workers seeking higher wage jobs, a lack of private sector coordination, and by preventing STARs from getting hired into the government itself.

To reduce inequality, build racial equity, and begin restoring the American Dream – policymakers must focus on STARs.

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Unless otherwise noted, All data and calculations from Opportunity@Work’s calculations of the 2021 Current Population Survey Annual Social and Economic Supplement, Integrated Public Microdata Series.