



# Five Steps to Build a Better Labor Market in the Future of Work

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The U.S. labor market is facing a crisis of its own making. Business leaders continue to lament a so-called “labor shortage,” while simultaneously overlooking millions of workers; including a growing contingent of workers over 50, with the skills to succeed in the economy’s most in-demand jobs.

It’s time to recognize this challenge so we can put it to an end.

Research from Opportunity@Work **found** that more than 70 million workers in the U.S. are **Skilled Through Alternative Routes (or STARs)**, rather than through a four-year degree. These STARs have gained skills through a variety of pathways: military service, two-year community college, on-the-job through apprenticeships, or other training. But despite their potential, STARs are **often locked out** by hiring requirements that rely on the four-year degree as a proxy for skills.

In short, we’ve shut the door to economic opportunity for nearly half of the country’s workforce.

## **STARs Over 50: Challenges and Opportunities**

Beyond looking at just the data, Opportunity@Work has undertaken an in-depth **ethnographic project** to help contextualize STARs’ journeys, career trajectories, and the very real challenges they face in today’s labor market.

Take Kent—a Desktop Support Specialist with an Associate’s Degree in his early 60s—for example. As an Army reservist, he had a passion and background working in computers, and tried to get a bachelor’s degree after leaving the military. But, “paying the mortgage, being able to provide healthcare for my family, being able to send my kids to school. Those kind of took precedence so I just stopped going,” he says. Throughout his nearly 30 years in tech, Kent has been overlooked for promotions due to not having a degree, and now fears his age is a liability that will eventually cost him his livelihood.

## **Kent is far from alone in this situation.**

Of the nearly 90 million workers in America over 50 in the labor force, four in 10 are STARS.<sup>1</sup> Their time and experience as workers give them unique and valuable perspectives on how to navigate an increasingly complex job market. In some cases, these skills have been recognized: of the millions of “**Shining STARS**” who already work in high-wage roles, nearly six in 10 are over 50 years old. But, for the vast majority of STARS—and STARS over 50—those unnecessary degree requirements only compound decades of economic inequality.

A recently released **working paper in the National Bureau of Economic Research** points to the challenges faced by STARS over the past 40 years as wages have risen 8% for college graduates, but decreased by 15% for workers with only a high school diploma. The same study found that it takes a whopping 30 years, on average, for STARS to reach the starting salary of a worker with a bachelor’s degree.

College degrees are a signal of many things, but it doesn’t take 30 years on the job to learn what a college student learns in four years of school. Sadly, that’s the reality that many STARS face. And for those in their 50s and 60s, it means they’ve gone the length of an entire career without experiencing any meaningful income mobility.

## **Building a Better Labor Market**

Older workers in America face a frustrating contradiction as they navigate their careers. Research from **Generation found that** while hiring managers say “87% of their age 45+ hires are as good—or better—than younger employees,” and have higher retention rates, younger candidates are “are more application-ready, have more relevant experience, and are a better fit with company culture.”

How can we collectively address this conflicting narrative?

1. Call attention to workers struggling to break through in today’s labor market through research. There are **already organizations** unearthing the insights that are ready to be shared.
2. Use those insights to help steer policy and advocacy to effect real, lasting change—similar to **AARP’s advocacy** for protections for older workers at the federal and state level, and **America Forward’s** focus on workforce development for a more equitable recovery.
3. Reimagine job descriptions and hiring requirements to recognize the skills workers build on-the-job. Smart employers like **Accenture** and **IBM** have impressive efforts underway, and tools like Grads of Life’s **Opportunity Navigator**, JFF’s **Impact Employer Model**, and Rework America’s **Job Progression Tool** are already making a difference.
4. Provide more on-the-job training and educational benefits to help STARS with decades of experience access higher paying roles that leverage their learned skills. The **Urban Institute has found that** “There are opportunities to support the development of digital skills for older workers,” and Walmart’s partnership with Guild Education is **yielding impressive results**.
5. Get behind the STARS movement to proactively build **a new talent category** that becomes a priority source for the good middle-wage career pathways of today and tomorrow. Corporate coalitions such as the **Business Roundtable’s** Multiple Pathways Initiative, which is focused on skills first talent management practices, and **OneTen**, which is focused on Black STARS, are early examples of what collective action could look like.

Employers and policymakers need to recognize the incredible depth of talent of screened-out workers—and the opportunities that can be afforded by a much wider variety of alternative educational pathways besides just four-year colleges. STARs have the skills that employers desperately need to fill in-demand roles that are critical to the country’s economic recovery.

This is a critical issue for workers now, and into the future. Ignoring skilled workers today will prevent us from building a more just, equitable, and prosperous labor market tomorrow. It’s past time for business leaders to not just recognize, but also realize, the potential of workers of all ages who are Skilled Through Alternative Routes.

<sup>1</sup> Opportunity@Work analysis of 2010-2019 Annual Social and Economic Supplement (ASEC) of the Current Population Survey.