Service Workers with Limited Foundational Skills: What New Data Tells Us & How Employers and Policymakers Can Respond

Webinar
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Welcome & Introduction

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Before we get started, a quick word of thanks.

• You and your peers – key informants who helped shape our analysis

• Our research partners at the American Institutes for Research

• The Walmart Foundation for financial support.*

*We thank the Walmart Foundation for their support but acknowledge that the findings, conclusions, and recommendations presented in this report are those of National Skills Coalition, and do not necessarily reflect the opinions of the Walmart Foundation.
If you only remember three things from today’s discussion…

1. People have ingenious coping mechanisms, but skill gaps are an invisible drag on productivity

2. Service workers with skill gaps stay on the job long enough for employer investment to be worth it: 58% stay at least 3 years

3. Strong public policies are vital in moving from isolated examples of employer investment to systemic change
What the data tell us:

Worker demographics
The dataset we used is called the PIAAC.

- The Program for the International Assessment of Adult Competencies (PIAAC) is a cross-national effort overseen by the OECD
- For this report, we looked at US data only

Learn more: www.PIAACgateway.com
Who are we talking about?

- US adults ages 16-64
- Currently employed
- Working in the retail, accommodation and food service, or health and social work industries
- Speaking English or Spanish (The PIAAC background questionnaire is not administered to speakers of other languages)
- Scoring at or below PIAAC Level 2 for literacy or numeracy, or PIAAC Level 1 for “problem-solving in technology-rich environments”
- Excluding workers in the highest of PIAAC’s four occupational skill levels
What we found: The bottom line.

LOW SKILLS ARE PREVALENT AMONG SERVICE WORKERS

- Low Literacy: 62%
- Low Numeracy: 74%
- Low Digital Problem-Solving Skills: 73%

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.
Three-quarters of workers with low skills are age 25 and older.

Table 1: Age Distribution of Workers with Low Basic Skills by Sub-Sector

<table>
<thead>
<tr>
<th>Ages</th>
<th>Overall service sector</th>
<th>Retail</th>
<th>Accommodation &amp; food service</th>
<th>Health &amp; social work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ages 16-24</td>
<td>24%</td>
<td>23%</td>
<td>39%</td>
<td>13%</td>
</tr>
<tr>
<td>Ages 25-34</td>
<td>23%</td>
<td>22%</td>
<td>27%</td>
<td>20%</td>
</tr>
<tr>
<td>Ages 35-44</td>
<td>18%</td>
<td>17%</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Ages 45-54</td>
<td>19%</td>
<td>16%</td>
<td>15%</td>
<td>28%</td>
</tr>
<tr>
<td>Ages 55-64</td>
<td>15%</td>
<td>22%</td>
<td>6%</td>
<td>14%</td>
</tr>
<tr>
<td>Total (may not sum to 100 due to rounding)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.
Workers represent all racial and ethnic backgrounds.

### A PLURALITY OF WORKERS WITH LOW SKILLS ARE WHITE

- **White**: 46%
- **Black**: 20%
- **Hispanic**: 26%
- **Asian/Pacific Islander**: 5%
- **Other**: 4%

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.
At least 1 in 4 are immigrants.

- Twenty-five percent (25%) of service workers with low skills were born outside the US.
- Similarly, 29% speak English as a second (or third) language.

Because the PIAAC background questionnaire is administered only in English and Spanish, these numbers are likely an undercount.

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.
Most are parents.

NEARLY TWO OUT OF THREE LOW-SKILLED WORKERS HAVE CHILDREN

64%

HAVE CHILDREN

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.

www.nationalskillscoalition.org
Many have attained a high-school credential, yet still lack basic skills.

MOST LOW-SKILLED WORKERS HAVE AT LEAST A HIGH SCHOOL DIPLOMA OR EQUIVALENT

- LESS THAN HIGH SCHOOL: 6%
- HIGH SCHOOL DIPLOMA OR EQUIVALENT: 65%
- ASSOCIATE’S DEGREE: 4%
- BACHELOR’S DEGREE: 1%
- GRADUATE DEGREE: 1%

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.
Our key informants shared stories about the career costs of low skills.

One worker had a good job for a hotel chain.

She used ingenious ways to get and maintain her job without exposing her lack of literacy.

She was a good worker and was offered a promotion to supervisor, but she had to turn it down because it would have required literacy.

-- Adult Educator
What the data tell us:

Employment circumstances
Many workers are employed in small or mid-sized businesses.

- Overall, **30%** of service workers with low skills are employed at small to mid-sized companies of fewer than 250 employees.

- An even higher percentage (**84%**) work at locations with fewer than 250 employees. This includes people working at satellite locations of a larger company.

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.
The overwhelming majority have low earnings.

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.

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Workers are employed in jobs that require the very skills they lack.

**DESpite LOW LITERACY AND NUMERACY SKILLS, SERVICE WORKERS MUST READ, WRITE, AND USE MATH ON THE JOB**

- **Read Directions, Instructions**: 73%
- **Read Letters, Memos, Emails**: 59%
- **Write Letters, Memos, Emails**: 36%
- **Fill in Forms**: 51%
- **Calculate Prices, Costs, Budgets**: 50%
- **Use Computer**: 55%

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.

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Tech skills are keenly needed, especially for workers using technology on the job.

**WORKERS WITH LOW DIGITAL SKILLS ARE MORE LIKELY TO BE USING COMPUTERS ON THE JOB THAN THOSE WITH LOW LITERACY**

- **Computer use on the job: Workers with low literacy skills**
  - 55%

- **Computer use on the job: Workers with low digital problem-solving skills**
  - 68%

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.

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Workers are engaged in continuing learning on the job.

A MAJORITY OF WORKERS ARE CONTINUING TO LEARN NEW THINGS ON THE JOB

- LEARN NEW THINGS EVERY DAY: 32%
- LEARN NEW THINGS ONCE A WEEK: 23%
- LEARN NEW THINGS AT LEAST ONCE A MONTH: 15%
- LEARN NEW THINGS LESS THAN ONCE A MONTH: 22%
- NEVER LEARN NEW THINGS: 8%

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.

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Workers are also called upon to **teach** others on the job.

**MORE THAN 1 IN 3 WORKERS ARE REGULARLY TEACHING PEOPLE ON THE JOB**

- **25%** teach people every day.
- **23%** teach people at least once a week.
- **23%** teach people at least once a month.
- **15%** teach people less than once a month.
- **14%** never teach people.

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.

www.nationalskillscoalition.org
It’s worth it for businesses to invest in these loyal employees.

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.
Low skills affect more than just workers themselves.

NEARLY 1 IN 4 LOW-SKILLED SERVICE WORKERS ARE SUPERVISORS

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.
Among those who are supervisors, half are overseeing more than 6 people.

Table 2: Among workers with low skills who are supervisors, half are overseeing at least six people

<table>
<thead>
<tr>
<th>Supervising 1 to 5 people</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervising 6 to 10 people</td>
<td>31%</td>
</tr>
<tr>
<td>Supervising 11 to 24 people</td>
<td>12%</td>
</tr>
<tr>
<td>Supervising 25 to 99 people</td>
<td>4%</td>
</tr>
<tr>
<td>Supervising 100 or more people</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.
What the data tell us:

Workers’ efforts to upskill
More than 1 in 3 workers had recently pursued a learning opportunity.

- A full 27%* of workers had pursued a formal degree or certificate in the past year.
- At least 39%* of workers had engaged in other types of learning opportunities.

*Due to the format in which this data was collected, these numbers contain an unknown amount of overlap.

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Workers pursue upskilling primarily for job-related reasons.

**MOST WORKERS WHO PARTICIPATED IN OTHER LEARNING OPPORTUNITES DID SO FOR JOB-RELATED REASONS**

- **Job-related reasons**: 62%
- **Required to participate**: 17%
- **Personal interest**: 12%
- **Other reasons**: 9%

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.
Similarly, workers pursue degree programs largely because of career goals.

**MOST WORKERS PURSUING DEGREES DID SO FOR JOB-RELATED REASONS, BUT NOT NECESSARILY THEIR CURRENT JOB**

- **JOB-RELATED REASONS**: 69%
- **NON JOB-RELATED REASONS**: 31%
- **STUDIES NOT USEFUL AT ALL FOR CURRENT JOB**: 34%
- **STUDIES SOMewhat USEFUL FOR CURRENT JOB**: 17%
- **STUDIES MODERATELY USEFUL FOR CURRENT JOB**: 10%
- **STUDIES VERY USEFUL FOR CURRENT JOB**: 39%

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.

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Workers who want to participate in upskilling often face logistical barriers.

Overall, 31% of workers reported that in the past year there were more learning activities they had wanted to participate in, but did not.

Table 3: Lack of time, money are top reasons that workers don't participate in learning activities

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too busy at work</td>
<td>24%</td>
</tr>
<tr>
<td>Education or training was too expensive/ could not afford it</td>
<td>21%</td>
</tr>
<tr>
<td>Did not have time because of child care or family responsibilities</td>
<td>16%</td>
</tr>
<tr>
<td>The course or program was offered at an inconvenient time</td>
<td>14%</td>
</tr>
<tr>
<td>Something unexpected came up that prevented them from taking education or training</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
</tr>
<tr>
<td>Lack of employer support</td>
<td>6%</td>
</tr>
<tr>
<td>Did not have the prerequisites</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: NSC/AIR analysis of PIAAC data on service-sector workers with low literacy.

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Employers are more likely to cover training costs for non-degree programs.

- Just 16% of workers in degree or certificate programs said their employer covered part or all of the cost.
- In contrast, 54% of workers in other types of learning activities said the same.

*Among those who reported having any costs associated with their degree program or learning activity.
Technology offers possibility, but carries costs.

- Just 13% of workers had participated in open or **distance education** over the past year.

- Key informants shared stories of online-only classes that were barriers, and **blended learning** approaches that succeeded.
We heard numerous stories about the barrier of limited tech skills…

A lot of community colleges are putting more entry-level classes online. This is a huge [additional] barrier for a group that is already struggling to increase their skills.

--- Adult educator

Online classes take more organization and work by the student than a traditional classroom. This causes many low-skilled workers to drop out… because if they were computer savvy or had the skills, they would have attended college sooner.

--- Adult educator
…but also some powerful examples of tech-mediated learning.

A doughnut shop worker who was a new immigrant took a cellphone photo of all of the flavors on the ordering dashboard screen that she needed to learn.

She texted it to her Cell-Ed coach so they could study it together later.

-- Adult educator
How are businesses responding?

Employer examples
Providing in-house upskilling opportunities.

- Creates **pipeline program** to address vacancy rates in key occupations such as surgical technologist
- Uses competitive process to **select** training participants
- Offers training part-time and at **little to no cost** to the worker
Participating in sector partnerships.

- Allows small and mid-sized employers to aggregate talent demand
- Can include upskilling of incumbent workers as well as onboarding of new ones
- Partners can identify pathways for advancement within industry
- Some sector partnerships are also labor-management partnerships
Becoming the employer partner for a registered apprenticeship program.

• Expands apprenticeships beyond the building trades!

• One company partners with an adult education provider to offer a CNA apprenticeship

• This rural program uses a “flipped classroom” that blends online & in-person learning
Partnering with community colleges and other training providers.

- Offers **Vocational English** classes for retail workers
- These companies partner with community colleges and an immigrant advocacy organization
- Classes make clear connections between increased skills and job promotion
- Program gathers outcome and impact data

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Participating in Integrated Education and Training (IET) models.

- Employers recognize the value of basic skills education in conjunction with occupational training.
- They collaborate with nonprofit community-based organizations.
- These examples combine high-school equivalency and healthcare training; or basic skills and hospitality training.

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Equipping workers to gain industry-recognized certification.

- Companies recognize value of portable, industry-valued certifications
- Partnerships with training providers & select use of technological tools create access for employees
- Examples here include Prometric Certified Professional Food Manager & USGBC Green Janitor certification
Connecting the dots: How strong programs lead to strong outcomes.

A non-reader was a highly skilled employee in his department, but was unable to be promoted until he came to adult education.

He learned the accommodations necessary to write memos, place orders, and read messages and instructions.

Eventually, he learned to read and received his promotion to supervisor.

-- Adult educator
“This is a story that we can tell over and over again.”

A student who was a trained chef could only get hired as a dishwasher due to his limited language skills. That was 10 years ago.

After learning English, he became an executive chef in a prominent restaurant.

Today, he finds himself in need of additional remediation as he needs to communicate in writing more frequently.

This is a story that we can tell over and over again in many jobs.

-- Adult educator
How do we scale up?

Public policies
To move from individual successes to systemic change...

...we need strong public policy.

• At the **state** level, advance proven strategies to support upskilling

• At the **federal** level, support effective implementation of existing policies & build toward longer-term policy wins
There is a menu of proven policies by which states can support skill-building.

- Funding and supporting industry sector partnerships.
- Advancing effective Integrated Education and Training models.
- Supporting job-driven financial aid policies
- Establishing stackable credential policies that include industry certifications
- Supporting businesses in providing work-based learning opportunities

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What does that look in practice?

- NSC’s **50-state scans** show where your state stands on each policy
- Our skills equity **policy toolkits** showcase states with strong policies & provide a legislative template for you to use

www.nationalskillscoalition.org/skillsequity
Let’s take an example.

- **How** do you go about encouraging your state to fund and support industry sector partnerships?
Find out: Does your state have a policy?

According to NSC’s 50-state scan:

- 21 states have sector partnership policies
- Only 10 states have policies that include funding, technical assistance, and program initiatives
A review: Ways that state policies can support sector partnerships.

**Authorize ongoing state support** for local sector partnerships through funding, technical assistance, and/or program initiative(s).

- **Funding**: grants to partnerships using state and/or federal resources
- **Technical Assistance**: state staff assistance in formation/maintenance of partnerships; professional development and capacity building; customized labor market and economic analysis; and information on industry trends and workforce development resources
- **Program Initiatives**: promote the use of local sector partnerships as a key component of the state’s workforce strategy and/or set criteria for local sector partnerships
Use our toolkit on state policies to advocate for sector partnerships.

What’s in it?

• A guide on key elements of a robust policy

• A legislative template

• Case studies from MA, CO, and MD

• Links to state resources
What can be done nationally?

Federal policies
Fully fund federal investments in adult education.

• The largest federal investment in adult education is **Title II** of the Workforce Innovation and Opportunity Act.

• Since 2001, funding has dropped more than **20%** in inflation-adjusted terms.

• We can’t compete if we cut. Policymakers should fund Title II at its **full authorized level**.
Make it easier for workers to navigate career pathways.

- **Strengthen connections** between adult education and Perkins Act Career and Technical Education (CTE) programs

- Use reauthorization of Higher Education Act to **launch** new Career Pathways program for learners with foundational skill needs

- Issue **guidance** to states on using WIOA to support basic skill development in the context of occupational training
Make sector partnerships America’s way of doing business.

- Create better alignment between existing federal upskilling investments & local industry-led partnerships
- Make additional investments to enable more communities to launch partnerships in the service sector.
Incentivize private investment in frontline workers with foundational skill needs.

- **Reward companies** that hire people exiting public benefits and those with limited foundational skills, by providing a **tax credit** to offset training costs incurred.

- To do so, **restructure** the $1 billion Work Opportunity Tax Credit (WOTC) as the Work-Based Learning Opportunity Tax Credit.
Does all this seem like a big task? Start small.

**Bite-sized advocacy opportunities:**

1. Make sure policymakers are receiving your organization’s *newsletter* or other publications

2. Invite a policymaker to *visit* your program or organization.

3. Participate in an NSC *constituent call* to share your perspective with a policymaker.
Make use of our publications.

- Use publications as “leave-behinds” when you visit policymakers, or drop one in the mail with a personalized note.

www.nationalskillscoalition.org/resources/publications
What we do know.

• **Advocacy works!**
  Speaking up for adult education reminds policymakers that their constituents care about these issues

• Your voice can amplify the voices of adult learners and jobseekers
Time for questions.

What would you like to know?
Stay Connected

• Visit our website.
• Sign up for our member email list.
• Follow us on:

[Social media icons]
Contact

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