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# Economic Policy Institute

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## **ARE U.S. WORKERS UP TO THE JOB?**

### **Claims of growing gap between workers' skills and job demands questioned by new study**

It is widely believed that jobs are becoming more and more demanding of skills and that not enough American workers are up to the task. Experts up to and including Federal Reserve chief Alan Greenspan have warned of a widening skills gap, and many have concluded that workers need to upgrade their skills or risk losing out in the competition for jobs in the new economy. But are they right?

New research released today by the Economic Policy Institute examines the available data and finds that much of the evidence to support the idea of a growing skills deficit either contradicts the idea of a skills gap or is missing, weak or, at best, ambiguous. In *Worker Skills and Job Requirements*, Northeastern University sociologist Michael J. Handel examines the gap from both the workers' and employers' sides. He brings together, for the first time in one volume, data and trends over time in test scores and educational attainment, occupational distribution, and employer surveys.

“When you look at the evidence, the conventional wisdom seems to be anything but a sure thing,” said Handel. “It may not be a complete myth that America has some skills issues, but there is a forest of contrary evidence, caveats, and open questions that has gone largely unrecognized in the focus on a few fairly isolated trees.”

**Worker skills:** To examine the claim that the skills of workers and students have declined over time, Handel reviews test scores and trends in educational attainment. He concludes: “There is little evidence of absolute declines in cognitive skills in the United States, nor of significantly poorer performance relative to other advanced industrialized countries, despite frequent extreme statements to the contrary in popular and policy circles.”

If quantity (years) of education is the measure, then today's workforce is considerably more skilled than in the past. For example:

- In 1964, 47% of all Americans and 31% of young people (ages 24-29) had not even completed high school, compared to 13% for both groups more recently.
- College attendance rates rose rapidly from 1965 to 1975 (in part because of draft deferments during the Vietnam War), remained at this high level until 1990, and have risen since then.

If quality of education, as reflected in test scores, is the measure, the evidence also contradicts popular beliefs of declining labor force skills. For example:

- Reading and math scores on the National Assessment of Educational Progress (NAEP) go back to the early 1970s and show higher scores for 17-year-olds in 1999 than in the early 1970s. Reading

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*The Economic Policy Institute is an independent, nonprofit, nonpartisan research institute – or “think tank” – based in Washington, D.C. EPI researches the impact of economic trends and policies on working people in the United States and around the world.*

scores have trended slightly upward throughout the period. Math scores fell from 1973 to 1982, but have since recovered and, by 1999, surpassed their 1973 peak.

- Young workers do not have lower cognitive skills than older workers. Despite concerns over declining school quality, younger workers scored higher than older ones on the National Adult Literacy Survey (NALS).
- Although the NALS attracted attention because it showed 22% of the adult population scoring in the lowest literacy level, large proportions of this group either were over 65, reported significant physical disabilities, or were foreign-born. They are not an accurate reflection of the labor pool.

**Employer needs:** As for the job skills required by employers, Handel argues that the current discussion confuses a number of issues and is mostly unsupported. He suggests “a lot of people are misperceiving a different part of the elephant.” He raises these points:

- Many employers complain about young workers but they talk more about deficient attitudes than skills – problems with diligence, punctuality, work effort, and respect for authority, for example – that seem to disappear over time as young workers mature and grow out of these patterns.
- Although policy commentators worry about how the skills of young people will keep up with an increasingly technological workplace, employers are relatively satisfied with young people’s computer skills.
- If any group comes in for criticism regarding computer skills, it is older workers and even here the focus is on attitudes such as inflexibility or unwillingness to change.
- The one skills-specific concern some employers express is over the basic math and reading skills of less-educated workers. There is little doubt that all future and current disadvantaged workers should have good basic reading and math skills.
- Fed Chairman Greenspan articulates yet a different set of concerns over the supply of science and engineering college graduates, pointing to concerns at the opposite end of the skills spectrum. With the bursting of the technology bubble the demand for this kind of worker is uncertain.
- The distributional shift in occupations over time supports the idea that workers have moved into higher-skill occupations, undercutting the claim that they are not meeting employers’ needs. From 1970 to 2000, the more highly skilled managerial and professional occupations have expanded as a share of the workforce; occupations requiring lower order skills, such as sales, clerical, service, and laborers, have either grown more slowly or shrunk.

Handel concludes, “While most individuals will benefit personally from more education and training, there is little evidence of a large or growing gap between employers’ demand for skilled workers and their supply. There is not even any agreement on the specific skills employers are believed to need so badly in such greater numbers. We all agree that every worker should have good basic skills, but the late 1990s showed that rapid economic growth improved employment even for the least-skilled workers. The increasing number of immigrants with limited English language proficiency also contradicts the notion that employers have a problem hiring workers with limited skills.”

**About the Author:** Michael J. Handel, now a Northeastern University sociology professor, carried out this study as an assistant professor at the University of Wisconsin. His shorter article on this subject appeared in the peer reviewed *Annual Review of Sociology* (see abstract at <http://arjournals.annualreviews.org/doi/abs/10.1146/annurev.soc.29.010202.100030>). He is currently conducting a multi-year survey funded by the National Science Foundation that examines in depth the specific skills U.S. workers use on their jobs.