For Immediate Release: July 26, 2011
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The Good Jobs Deficit:

Low-Paying Jobs & Falling Wages Dominate Growth Since 2010

Depletion of Mid-Wage Occupations Puts Burden on Recovery to Rebuild with Good Jobs

NEW YORK – A new study finds that low-paying jobs have dominated employment growth in the first year of the recovery, while occupations offering better pay have been far slower to return. The report, by the National Employment Law Project, is the first to examine the recovery's growth trends specifically by occupation, and it offers the latest sign that jobseekers are encountering a severe deficit of good jobs as they navigate the labor market.

"While it is too early to predict whether these trends will continue, the dominant growth in lower-wage occupations suggests that there is a good jobs deficit that has hollowed out many of the decent work opportunities people are looking for," said report author **Annette Bernhardt, policy co-director at the National Employment Law Project**.

The NELP study analyzes employment trends for 366 detailed occupations, drawing on newly available data from the Current Population Survey (CPS), and ranks their median wages into three groups: lower-wage ($7.51 to $13.52 per hour), mid-wage ($13.53 to $20.66 per hour) and higher-wage ($20.67 to $53.32 per hour).

From the first quarter of 2010 through the first quarter of 2011, the most recent data available, lower-wage occupations grew by 3.2 percent, with retail salespersons, office clerks, cashiers, food preparation workers and stock clerks topping the list. Mid-wage occupations, including paralegals, customer service representatives and machinists, grew by only 1.2 percent, while higher-wage occupations declined by 1.2 percent, which includes occupations like engineers, registered nurses and finance workers.

Even as lower-wage jobs have generated the most growth, the wages they pay have fallen disproportionately – seeing a 2.3-percent decline since the start of the recession. Workers in mid-wage occupations saw more modest declines (-0.9 percent), while workers in higher-wage occupations actually saw slight gains in real wages (+0.9 percent). Overall, wages have fallen 0.6 percent since the start of the recession.

As Figure 1A of the report shows, these meager growth figures are dwarfed by the job losses during the recession, which were concentrated in mid-wage occupations. Of the net employment losses between the first quarter of 2008 and the first quarter of 2010, fully 60.0 percent were in mid-wage occupations, 21.3 percent were in lower-wage occupations, and 18.7 percent were in higher-wage occupations.

"There has been a stark, disproportionate loss in mid-wage occupations during the recession, which puts a heavy burden on the recovery to replenish the stock of good mid-wage jobs," said Bernhardt.

The United States needs 11 million jobs to get back to pre-recession levels, and that jobs deficit is unevenly distributed: it is largest among mid-wage occupations (8.4 percent below pre-recession employment), compared to higher-wage occupations (4.1 percent below pre-recession employment) and lower-wage occupations (0.3 percent below pre-recession employment).

The report notes in Figure 2 that this hollowing-out of mid-wage jobs was underway well before the recession. From the first quarter of 2001 to the first quarter of 2008, lower-wage and higher-wage occupations saw significantly higher net employment growth than did mid-wage occupations, which constituted just 6.2 percent of net employment growth during those years.

"We have to remember that the loss of mid-wage jobs started years before the recession began. Up until now, policymakers have understandably been focused on the immediate goal of simply getting the U.S. economy back to where it was before the recession, in terms of job creation and economic growth. Our findings show that even if we succeed in this short-term goal, workers will still be confronting the longer-term loss of good jobs and the growth of an hourglass economy," said Bernhardt.

The National Employment Law Project recommends a range of policy responses to address the jobs deficit, including renewing the extension of unemployment insurance and preserving the safety net, creating jobs – particularly through infrastructure investment and green jobs – and by maintaining a strong wage floor and enforcing wage and hour workplace protections.

NELP's analysis of occupational trends builds on its earlier study from February (A Year of Unbalanced Growth), which looked at employment trends by industry and also showed strong bottom-heavy growth during the recovery, as well as a distinct imbalance between where the jobs were lost and where they have been gained.

"Growing wage inequality in the United States is a phenomenon that's three decades in the making, and which the recession only exacerbated," said Bernhardt. "We need to pay attention to these striking patterns of slow and unbalanced growth as we seek ways to restore America's economy and create the good jobs America's workers need and deserve."

Find NELP's report on the web here: www.nelp.org/goodjobsdeficit.

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