

CHAPTER TWO

# More good jobs

The linchpin to expanding the middle class  
and reducing poverty over the next ten years

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*Over nearly three decades immediately following World War II, poverty in the United States declined sharply. Since then, however, little sustained progress has been made. The poverty rate generally has remained above its 1973 level, with the only bright spot being the late-1990s when the economy was near full employment. But poverty is not an isolated indicator. As we detail in this chapter, the rise and fall in poverty is almost completely explained by three economic factors: unemployment, median earnings, and the distribution of wages between middle-wage and low-wage workers.*



*The lengthy post-war decline in poverty occurred during an era of broadly shared prosperity. In this period, between 1949 and 1973, unemployment was generally low, income and earnings inequality declined, and incomes increased across the board, with Americans in the bottom half of the income distribution experiencing the largest gains. Economic progress during this period was the product, in large part, of intentional public policy decisions, not merely the private ones of a theoretically autonomous market or “natural” economy left to its own devices.*

*These decisions included: the GI Bill, which made it possible for millions of World War II veterans to attend college or vocational school; the creation and strengthening of labor market institutions, through measures such as the minimum wage and collective bargaining; sustained and substantial investment in public infrastructure; sensible financial regulation that limited asset bubbles and other abuses; and the creation and expansion of Social Security, Medicare, and Medicaid.*

All of this isn't to say that the 1950s and 1960s were a wonderful time for all low-income people and people of color—a time we need to return to—but rather that the kinds of progressive policies that prevailed during this period got us moving in the right direction for nearly three decades by ensuring that people in all income groups shared in economic growth and productivity gains. If

we had kept moving in that same direction—if low- and middle-income people had shared in economic growth during the last three decades at the same level as they did in the earlier period—then the United States would be a stronger, more prosperous, and more just nation today, and the poverty rate, at least as currently measured, would be somewhere around zero.

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## The conservative alternative

When conservatives came to power in the 1980s, they claimed their political philosophy would result in greater economic growth and productivity for the benefit of all Americans. President Ronald Reagan, for example, opened his first Economic Report in 1982, with the assertion that the conservative “reorientation of the role of the federal government in our economy” would mean “more jobs, more opportunity, and more freedom for all Americans.”

This reorientation did not deliver on its promises. While the incomes of high-income Americans continued to grow, the incomes of the vast majority barely kept pace with inflation, and the lowest-income Americans lost ground. The poverty rate fell steadily between 1949 and 1973, declining overall all by nearly 75 percent.<sup>1</sup> After the Reagan administration shifted federal policy to the right, poverty increased steadily, and incomes for most Americans fell or remained stagnant in real terms. Poverty fell again during the full employment years of the 1990s—nearly hitting its historical low in 2000, a trend that was catalyzed by the historic expansion of the earned income tax credit in 1993 and the first increases in the minimum wage since the Carter administration.

This trend was reversed again after the George W. Bush administration pushed through massive tax cuts that provided lopsided benefits to the least disadvantaged Americans in 2001 and 2003. In 2007, real median household income,

adjusted for inflation, was actually lower than it had been 2000, and the poverty rate was higher.<sup>2</sup> With the onset of the Great Recession, unemployment and poverty have returned to levels last seen during the Reagan administration, and median income has fallen again in real terms.

The American Recovery and Reinvestment Act of 2009 likely staved off a second Great Depression, and moderated the negative impact that increased unemployment, loss of employment-based health insurance, and stagnant wages had on working-class Americans. Now, amid a tepid economic recovery, a new round of vigorous action is needed to create jobs, although it faces considerable resistance from a Tea Party-inspired House of Representatives determined to push the failed radical right-wing alternative again. Understanding the link between more good jobs and falling poverty across America could not be more important today.

In this chapter, we explain why creating more good jobs is a necessary condition to expand the middle class and reduce poverty substantially over the next 10 years. First, we review historical trends in poverty<sup>3</sup> and show how they are explained by trends in unemployment, median earnings, and wage distribution. Next, we examine trends in job quality and low-wage work, and how these trends influence the major employment-related factors—including the decline of unionization and the value of the minimum wage, the retreat from promoting full employment, and the failure to adopt basic

standards for work-life balance—that have contributed to the high poverty rate.

Finally we look at the differences between two important occupational categories for adults without college degrees—construction and care work—to learn more about how we might connect these adults to good jobs that already exist in the economy but don’t require college, and turn existing low-wage jobs into good ones.

## Explaining trends in poverty

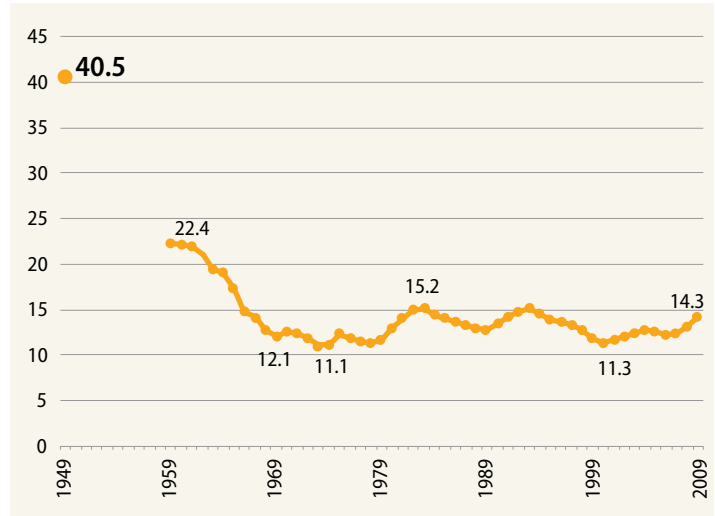
Researchers estimated poverty rates for 1949 (the 1950 decennial Census year for the first time asked respondents about their income in the preceding calendar year) by projecting the 1959 official poverty line back using the Consumer Price Index.<sup>4</sup> Using this method they found that the poverty rate in 1949 was 40.5 percent compared to 22.1 percent in 1959. Thus, poverty fell by almost half (45 percent) in the 1950s.

Poverty fell by almost half again between 1959 and 1969, hitting 12.1 percent in 1969, and then a few years later, in 1973, the share of persons below the official poverty line reached the lowest level on record at 11.1 percent. All told, between 1949 and 1973, poverty declined by 72.6 percent. (see Graph 1)

The trend has been less positive since then. Poverty started to climb again during the first Reagan administration reaching a high of 15.2 percent in 1983. It remained elevated until the

### Graph 1: Poverty can be reduced

THE U.S. POVERTY RATE: 1949 AND 1959-2009



Sources: Census Bureau, Historical Poverty Tables, Table 2. Poverty rate for 1949 is from Christine Ross, Sheldon Danziger, and Eugene Smolensky, The Level and Trend of Poverty in the United States, 1939-1979, Demography 24 (4) (1987): 587-600.

near-full employment years of the late-1990s brought it back down to 11.3 percent in 2000, just slightly above its historical low in 1973. But poverty rose again during the subsequent recession, without falling much afterwards. The Great Recession sent poverty rates back to rates last seen in the 1980s and 1990s recessions.

Up until the early 1970s, the poverty rate fell as the overall economy grew. Since then, the relationship between poverty and economic growth has weakened. Between 1949 and 1973, the poverty rate fell as our nation’s gross domestic product, the largest measure of growth in the economy, increased per capita (per person) in real terms (after accounting for inflation).

But post-1973 poverty remained relatively flat while real gross domestic product per capita—the broadest measure of economic growth after accounting for inflation, measured per person—continued to climb. Graph 2 shows poverty compared with real GDP per capita between 1959 and 2009. It shows that the poverty rate today—and even before the Great Recession—is higher than it was in 1973.

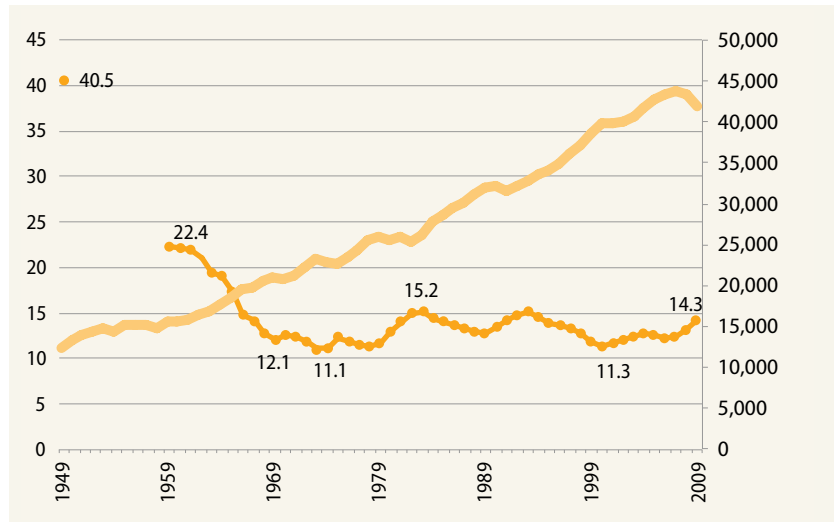
Economic growth alone no longer explains poverty trends; other macroeconomic factors do, including trends in unemployment, median earnings, and the dispersion between wages of those in the bottom and the middle of wage distributions. Graph 3 shows the relationship in real median earnings for men and the poverty rate between 1959 and 2009. The two trends track each other fairly consistently—increases in median earnings are generally associated with declines in the poverty rate.

The relationship between median earnings and poverty also weakened after 1973. The negative relationship between poverty and median income appears somewhat weaker between 1973 and 2009 than it was in the earlier postwar period.

The trend in median earnings is not the only macroeconomic factor that affects poverty. Unemployment and wage dispersion also play an important role. In the leading recent study, economist Hillary Hoynes and her col-

*Graph 2: Poverty fell, flat-lined as our economy grew*

**U.S. POVERTY RATE AND REAL GDP PER CAPITA, 1949-2009**



Sources: Census Bureau, Historical Poverty Tables, Table 2 and Bureau of Economic Analysis.

leagues at the University of California-Davis found that poverty rates for nonelderly adults between 1967 and 2003 rose with higher unemployment rates, lower real median wages, and increased dispersion between median wages and lower-end (the bottom fifth) wages.<sup>5</sup> Specifically, they found that:

- A 1 percentage point increase in the unemployment rate leads to a 0.5 percentage point increase in the poverty rate.
- A 10 percent increase in the median wage leads to a 1.5 percentage-point decline in the poverty rate.

Hoynes and her colleagues also found that the increase in women’s labor force participation

had no effect on poverty before 1980, but did have a strong negative correlation with poverty after that.<sup>6</sup>

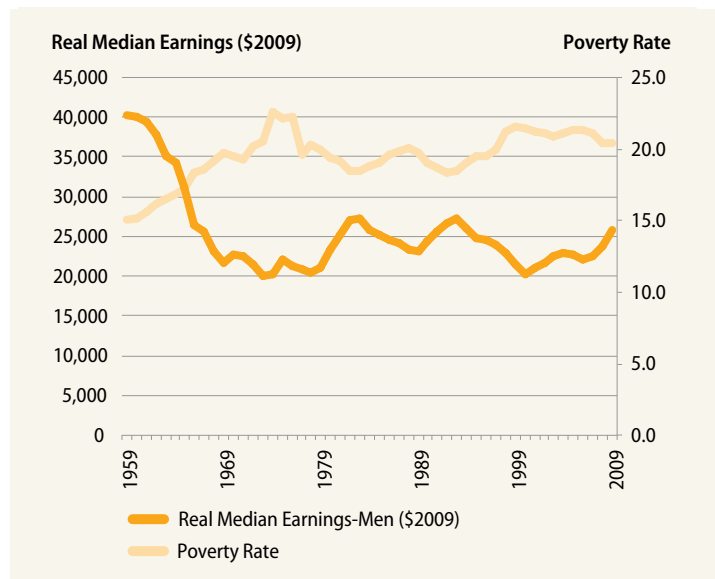
While trends in unemployment clearly have some independent effect on the poverty rate, it is also important to note that there have been increases in poverty even during long-term periods of increased employment. In a study of New York City’s poverty rate between 1979-1999, economists Mark Levitan and Susan Wieler found that the percentage of nonelderly persons living in families engaged in work increased, including an increase in those in full-time working families, from 70 percent to 72.6 percent.<sup>7</sup> But they also found that the poverty rate among families with a full-time worker increased considerably, from 5.8 percent to 8.9 percent.

This increased poverty rate among full-time workers offset the more modest decline in poverty attributable to increased employment in New York City, according to the study. They concluded that the growth in earnings inequality in full-time working families played a major role in preventing the aggregate economic growth New York City experienced between 1979 and 1999 from reducing the city’s high poverty rate.<sup>8</sup>

Although poverty is often presented as an isolated phenomenon afflicting some “other America” and far removed from the economic concerns faced by the vast majority of

*Graph 3: Better paying jobs means lower poverty*

**U.S. POVERTY RATE AND REAL MEDIAN EARNINGS FOR MEN, 1959-2009**



Sources: Census Bureau, Historical Poverty Tables, Table 2 and Table P-53, Wage or Salary Workers by Median Wage and Salary Income and Sex.

Americans, nothing could be further from the truth. The same factors that have taken a toll on America’s broad middle class—increased unemployment, stagnant earnings, and increased inequality—have kept us from making the kind of sustained progress on reducing poverty that we made in the decades immediately following World War II. The next section takes a closer look at trends in job quality since 1973.

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## Trends in job quality and low-wage work since 1973

In addition to the GDP increases, productivity, education levels, and use of new technologies at the workplace have also increased substantially over the last three decades. Consider that:

- Productivity—the amount that workers produce per hour of work—has nearly doubled since 1973. Economists attach enormous importance to productivity growth because it is the main long-run determinant of living standards. In an economy with rapidly rising productivity growth, the population can experience rapid increases in income, or leisure time, or some combination of the two. If the benefits of productivity growth are broadly shared, then the whole society can benefit.<sup>9</sup>
- Education levels—Between 1973 and 2009, the share of Americans age 25 or older who had completed high school increased from 60 percent to 87 percent, and the share who had completed four or more years of college went from 12.6 percent to 30 percent.
- New technologies—In less than a generation, computers have become ubiquitous in the workplace. In the most recent federal survey, nearly 60 percent of all workers age 25 or older now used a computer at work.<sup>10</sup> The percentage has likely increased since this survey was conducted in 2003. Computer use is not limited to workers holding a college or advanced degree. In fact, a majority of the workers who use a computer at work—

some 37 million—have less than a four-year college degree.

Given these impressive increases in the basic inputs—labor productivity and human capital—that produce economic growth it would be reasonable to assume that the wages and conditions of workers across the board would have improved considerably over the last few decades. Unfortunately, while workers with already-high wages experienced big gains, those in middle- and low-wage jobs reaped much less.

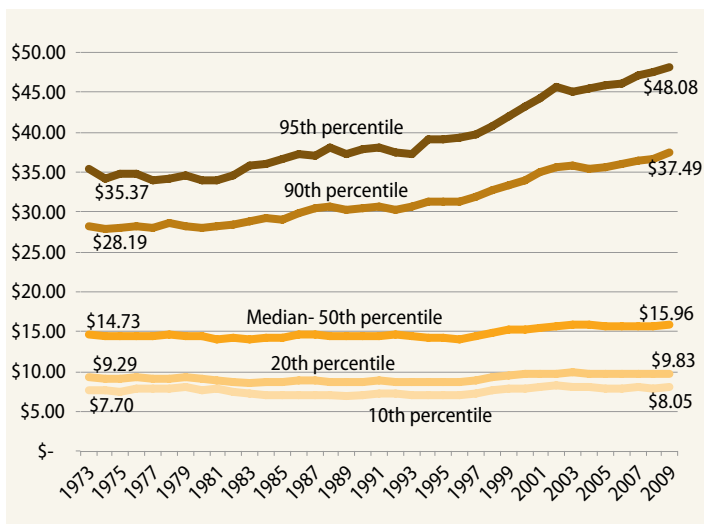
For the typical worker, one in the precise middle of the wage distribution, the hourly wage grew modestly, going from \$14.73 in 1973 to \$15.96 in 2009, for a raise in real terms (after accounting for inflation) of \$1.23 over 36 years, or 8.4 percent. Workers in the bottom fifth of the wage distribution saw even smaller gains—only \$0.54 cents or about 5.8 percent over the entire period.

In contrast, those workers in the top tenth saw much larger gains. The gain for workers at the 95th percentile—\$12.70 or nearly 36 percent—exceeds the entire wage of all workers in the bottom 30 percent. (see Graph 4)

If the wages for the majority of the work force had risen at the same rate as the wages for the top 10 percent of earners then the typical worker would have earned \$19.59 an hour in 2009 rather than \$15.96, and a worker in the bottom 10 percent of earners would have earned \$10.24 an hour rather than \$8.05.

*Graph 4: The better paid now get paid even better*

**U.S. WAGES BY SELECTED WAGE DECILES, 1973-2009**



Source: Economic Policy Institute analysis of U.S. Census Bureau, Current Population Survey, Outgoing Rotations Group.

Another approach sets a low-wage standard equal to some percentage of the median wage. One common standard, used by the Organization for Economic Co-operation and Development, comprised of 30 member countries from the developed world including the United States, and many researchers, defines a low-wage job as one that pays less than two-thirds of the median wage. The Russell Sage Foundation recently used this standard for their major comparative study of low-wage work in the United States and Europe.<sup>11</sup>

Using a modified version of this definition, Center for American Progress economist Heather Boushey and others defined a low-wage job as a job that paid below two-thirds of the male median wage or \$11.11 or less per

hour in 2006.<sup>12</sup> According to this definition, about one out of every three workers—some 44 million—held low-wage jobs in 2006. Looking at the trends in low-wage work by gender, the share of men in low-wage jobs was slightly higher in the mid-2000s than in 1979, while the share of women in low-wage jobs has declined from over half to just over one-third.

**Benefits and work conditions**

Although wages are generally the largest component of the compensation that workers receive for their labor, other benefits are also part of the mix, including health care and retirement benefits, and paid time off.<sup>13</sup> Table 1 shows the percentage of civilian workers who receive various employment benefits overall and by wage level.<sup>14</sup>

Let's look at each type of nonwage benefit in turn.

**Health care benefits**

Low-wage workers are much less likely to have employer-provided health care benefits than other workers.<sup>15</sup> Only 27 percent of workers in the bottom quarter of earned income participate in employer-provided health care plans compared to nearly 80 percent or more for workers in the top three quarters of earned income.

Most workers who participate in an employer health care plan pay a portion of the premium themselves. Low-wage workers are more likely to be required to pay a premium than other workers, and pay somewhat more for their coverage, both in absolute dollar terms and as a share of their earnings.

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## *Responding to competitive pressures*

### **SOME COMPANIES TURN TO THEIR WORKERS TO IMPROVE THE BOTTOM LINE**

As part of the Russell Sage Foundation's and Rockefeller Foundation's Future of Work Program, nearly 40 leading employment researchers conducted empirical case studies of firms in industries employing large numbers of low-wage workers.<sup>1</sup>

They found that the dominant set of responses among employers to increased competitive pressures had largely negative effects on frontline workers in low-wage industries. These dominant responses included:

- Freezing wages and increasing workloads
- Using contingent workers to cut labor costs
- Subcontracting and outsourcing to cut costs and wages
- Relocating and consolidating functions
- Automating routine tasks
- Using technology to “de-skill” entry-level jobs

But the researchers also documented wide variations in firms' competitive strategies, including various alternative strategies, many of which could have more positive effects on low-wage workers. These included:

- Using work reorganization to increase productivity and reduce turnover
- Training entry-level workers without college degrees for new technology
- Linking entry-level jobs to career ladders

Both unions and regional labor market institutions—partnerships that typically involve employers, unions, and educational institutions—helped explain employers' use of alternative strategies that were more beneficial to low-wage workers.

These alternative strategies typically involve “high-performance work practices,” or practices that create value for firms by enhancing worker motivation, human capital, and social capital in positive ways. As Eileen Appelbaum and her colleagues review in a recent synthesis of research on high-performance work practices, “Researchers have documented the impact of high-performance work practices on efficiency outcomes such as worker productivity and equipment reliability; on quality outcomes such as manufacturing quality, customer service, and patient mortality; on financial performance and profitability; and on a broad array of other performance outcomes.”<sup>2</sup>

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<sup>1</sup> Eileen Appelbaum, Annette Bernhardt, and Richard J. Murnane, eds., *Low-Wage America: How Employers are Reshaping Opportunity in the Workplace* (New York: Russell Sage Foundation, 2003).

<sup>2</sup> Eileen Appelbaum, Jody Hoffer Gittel, and Carrie Leana, “High-Performance Work Practices and Sustainable Economic Growth” (Champaign: Employment Policy Research Network, 2011).

*Table 1: Breakdown of employer provided benefits*

**EMPLOYER-PROVIDED BENEFITS BY WAGE QUARTILE AND FOR BOTTOM DECILE**

		All	Top quarter	Third quarter	Second quarter	Bottom quarter	Bottom decile
<b>Health care</b>	Access	74%	93%	88%	79%	41%	25%
	Participation	60%	81%	75%	61%	27%	15%
	Percent of participating employees required to pay a premium	77%	73%	76%	80%	82%	84%
	Average flat monthly employee contribution	\$96.56	\$95.34	\$94.75	\$97.91	\$100.68	\$101.31
<b>Dental care</b>	Access	47%	66%	58%	48%	21%	13%
	Participation	38%	56%	47%	37%	14%	8%
<b>Retirement</b>	Access	69%	88%	80%	70%	43%	31%
	Participation	55%	81%	68%	54%	24%	12%
<b>Life and disability insurance</b>	Life insurance	60%	82%	73%	63%	27%	14%
	Short-term disability	36%	49%	44%	36%	17%	13%
	Long-term disability	32%	53%	40%	29%	8%	4%
<b>Paid time off</b>	Paid holidays	76%	80%	90%	84%	54%	37%
	Paid sick leave	67%	87%	80%	70%	35%	22%
	Paid vacations	74%	77%	88%	83%	54%	40%
	Paid personal leave	41%	59%	46%	41%	21%	14%
	Paid family leave	11%	17%	14%	10%	5%	3%
<b>Other</b>	Employee assistance programs	50%	69%	56%	48%	30%	22%
	Wellness programs	34%	50%	39%	32%	18%	12%
	Subsidized commuting	6%	11%	8%	4%	2%	1%
	Flexible workplace	5%	10%	6%	3%	1%	< 0.5%
	Childcare	10%	16%	11%	8%	5%	6%

Source: Bureau of Labor Statistics, National Compensation Survey: Employee Benefits in the United States, March 2010, Tables 2, 9, 10, 12, 17, 33-34, and 38.

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### *Retirement benefits*

The federal government runs a nationwide retirement security plan, Social Security, but most people need to supplement this with their own savings or an employer-sponsored pension. For instance, a worker with “low” lifetime earnings (about \$18,500 in 2009) who retired at age 65 in 2010, will receive benefits equal to about 55 percent of their past annual earnings, or about \$10,200.<sup>16</sup>

There are two basic types of employer-provided retirement benefits: Defined benefit plans and defined contribution plans such as 401(k)s. Defined benefit plans pay a guaranteed benefit upon retirement based on salary and years of service, making them the least risky for workers. When 401(k) plans were initially authorized by the federal government in 1978, they were intended to give workers a savings vehicle to supplement their defined benefit retirement plans. Over time, however, 401(k)s are ended up largely replacing defined benefit plans with no overall gain in the share of Americans with access to employer-provided retirement benefits.<sup>17</sup>

Workers in low-end jobs are less likely to have access to either type of retirement plan. As Table 1 shows, less than half of low-wage workers (here, workers with wages that put them in the bottom quartile of the wage distribution) have access to a retirement plan through their employer. Most low-wage workers with access to a retirement plan have access to a defined-contribution plan (37 percent) rather than a defined-benefit plan (only 10 percent).

Nearly all of the low-wage workers with access to a defined-benefit plan participate in it, while only about half of low-wage workers with access to a defined-contribution plan participate. This low participation rate is due in part to a requirement in about half of the low-wage jobs with defined-contribution plans that employees contribute to their retirement plans.<sup>18</sup> Low-wage jobs are more likely to require employee contributions even though the jobs themselves often pay too little for workers to meet basic living expenses.<sup>19</sup> The upshot: these workers can’t put any savings away in retirement plans.

### *Paid time off and work schedule flexibility*

As with other employment-based benefits, workers at the bottom of the wage distribution are much less likely to provide leave with pay for illness, vacations, and holidays. Only about 35 percent of low-wage workers have paid sick leave compared to about 67 percent overall, and 70 percent for moderate-income workers. Similarly, Katherin Ross Phillips of the Urban Institute demonstrates that low-income working parents are much less likely to have any paid leave than parents with incomes over 200 percent of the poverty line, and that among working parents who do have leave, the leave times provided to low-income workers are much shorter.<sup>20</sup>

In addition to these disparities in various employment benefits, most low-wage workers lack the kind of work schedule flexibility enjoyed by higher-wage workers. Most low-wage workers face either “schedule instability” (having a job with an extremely unstable

schedule due often to “just-in-time” scheduling by employers) or “schedule rigidity” (schedules that “lack the autonomy afforded to professionals to choose when to take breaks or to shift their working time” in response to family needs).<sup>21</sup> Schedule instability and schedule rigidity impose particular challenges for workers with caregiving obligations.

### Considering wages and benefits together: Trends in good and bad jobs

Ideally, we would like to know not only about trends in wages and benefits independently but also when they’re considered together. John Schmitt of the Center for Economic and Policy Research has done this by looking at trends in the share of “good” and “bad” jobs. He defines good jobs as ones that pay wages that will produce at least a moderate income for a full-time worker (about \$17 per hour in 2006), and also provide health and retirement benefits. Bad jobs are ones that meet none of these three standards.

Schmitt found that about 23 percent of jobs were good jobs in 2006 (before the Great Recession), while 29 percent were bad jobs. The remaining 48 percent fell in-between, meeting only one or two of the three criteria.<sup>22</sup>

The share of good jobs was lower in 2006 than in 1979—again despite overall economic growth and increases in productivity as well as increases in educational attainment and workers’ experience levels over this period. Schmitt also found that this is evident across

all levels of educational attainment. Although the decline in the share of workers with good jobs is particularly pronounced among those with less than a high school education, it is also found among workers with some college and with a college degree.<sup>23</sup> (See Table 2)

Consistent with Schmitt’s findings, economist David Autor documented a sharp polarization in job opportunities over the past two decades.<sup>24</sup> Between 1979 and 2007, the share of both low-skill and high-skill jobs increased while the share of middle-skill jobs declined. Graph 5 summarizes these changes for workers overall and by educational level. (see Graph 5)

Looking ahead, we should be concerned about the continuation of this trend. According to labor projections by the Department of Labor’s Bureau of Labor Statistics, about 43 percent of the jobs that will be created in the occupations with the largest projected job growth by 2018 require only short-term on-the-job training.<sup>25</sup> Among them are retail sales, fast food preparation and serving, and waiters and waitressing. Only one of the fast-growing occupations that require short-term training, heavy and tractor-trailer truck driving, pays above-median wages.<sup>26</sup>

This isn’t to say that education and training isn’t an essential part of a progressive economic agenda. Education has crucial benefits, and substantial numbers of middle-skill jobs will remain in our economy in the coming decades.<sup>27</sup> In addition to increasing economic opportunity, education also appears to have important social and nonmarket benefits, including reducing

*Table 2: Good jobs, bad jobs breakdown*

**EFFECTS OF AGING POPULATION AND EDUCATION UPGRADING  
ON SHARE OF GOOD JOBS, 1979-2004**

Education, Age	1979: Share of total workforce	1979: Share with good job	2004: Share of total workforce	2004: Share with good job
Less than high school, 18-34	8.2	6.5	4.2	1.8
Less than high school, 35-54	8.4	22.0	4.0	6.1
Less than high school, 55-64	3.9	22.9	1.1	8.6
High school, 18-34	19.1	14.9	11.5	6.8
High school, 35-54	13.7	30.2	16.0	20.5
High school, 55-64	4.4	31.3	4.0	22.9
Some college, 18-34	15.8	14.6	12.2	11.0
Some college, 35-54	6.3	37.1	14.0	32.0
Some college, 55-64	1.8	38.6	3.5	32.0
College or more, 18-34	9.3	30.4	9.0	33.3
College or more, 35-54	7.3	52.9	16.2	47.8
College or more, 55-64	1.7	56.0	4.4	48.8
<b>Total (actual)</b>	100.0	24.6	100.0	25.2
<b>Counterfactuals</b>				
1979 pop.; 2004 rates				17.9
2004 pop.; 1979 rates		31.3		
<b>Difference</b>		6.1		-7.3

Source: John Schmitt, "The Good, The Bad, and the Ugly: Job Quality in the United States over the Three Most Recent Business Cycles" (Washington: Center for Economic and Policy Research, 2007).

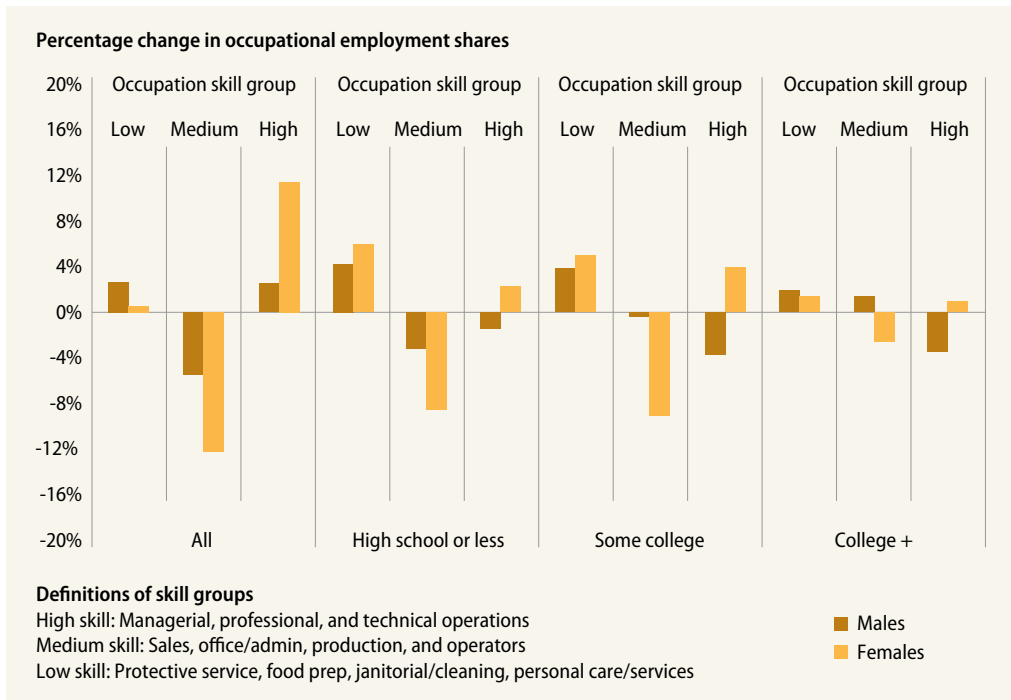
teen pregnancy, increasing the educational attainment of children, improving health, and possibly reducing divorce rates.<sup>28</sup>

While policymakers have focused on increasing the shares of Americans who graduate from high school as well as those who obtain a four-

year college degree or beyond, the commitment to job training for middle-skill jobs has waned. Between 1979 and 2007, overall direct expenditures by the federal government on education, training, and employment services fell from 8.8 percent of GDP to 4.3 percent.<sup>29</sup> Massive cuts in expenditures on training and employment ser-

*Graph 5: Job skills breakdown*

**CHANGES IN OCCUPATIONAL EMPLOYMENT SHARES BY EDUCATION AND SEX, 1979-2007**



Source: David Autor, "The Polarization of Job Opportunities in the U.S. Labor Market: Implications for Employment and Earnings" (Washington: Center for American Progress, 2010).

vices for adults and youth accounted for nearly the entire decline.

That said, merely continuing to increase high school and college graduation rates while reversing the disinvestment in job training for middle-skills jobs is unlikely to reduce income poverty substantially unless these steps are combined with major economic reforms that increase wages, nonwage benefits, and other components of job quality.

**What happened?**

Once we've established that the lack of progress on poverty reduction is largely explained by trends in unemployment, median wages, and poor wage dispersion among the bottom half of workers, we need to understand what drove these macroeconomic trends. Four factors are particularly important:

- A decline in unionization

- A decline in the real value of the minimum wage
- A widespread belief, at least before the late 1990s, that an unemployment rate below 6 percent would lead to dangerous levels of inflation
- A failure of the United States—unique among wealthy nations—to adopt basic standards that promote work-life balance

Let's look at each of these trends briefly in turn.

### *Unionization*

In numerical terms, union membership peaked at nearly 21 million workers in 1980. Between 1979 and 2010, the percentage of workers who are covered by a collective bargaining agreement fell by just over 50 percent—going from 27 percent to 13 percent.<sup>30</sup>

Increasing unionization in low-wage occupations would increase compensation for the workers who hold these jobs. In a study of 15 major low-wage occupations, Schmitt and his colleagues find that unionization raised these typically poorly paid workers wages by just over 16 percent—about \$1.75 per hour—compared to the wages of nonunion workers, and also increased the likelihood that a worker has employer-provided health insurance or an employer-sponsored retirement plan by 25 percentage points.<sup>31</sup>

### *Minimum wage*

Adjusted for inflation, the value of the minimum wage today (\$7.25 per hour) remains below its level at the end of the 1960s (\$8.41 per hour) and the end of the 1970s (\$8.12 per hour). Since

1980, there have been two long periods (1981-1989 and 1998-2006) in which there was no increase in the nominal value of the minimum wage. Studying trends in the growing wage gap between median earners and earners in the bottom tenth in one of these long periods (the 1980s), David Lee, an economist at Princeton University, concluded that the decline in the real value of the minimum wage accounted for most of the growth in gap over this period. Lee also found this conclusion to be the likely greatest impact on women workers.<sup>32</sup>

### *Full employment*

When the economy is operating at full employment, nearly every worker who wants a job has one. Full employment doesn't mean an unemployment rate of zero—there is always some “frictional” unemployment as workers move between jobs. As economists Jared Bernstein and Dean Baker have shown, for much of the post-1973 period, the unemployment rate has been higher than the rate consistent with full employment.<sup>33</sup> By contrast, in both the 1950s and 1960s, unemployment levels were generally lower and closer to full employment.

Higher unemployment in the post-1973 period was driven in part by the widespread belief among economists and policymakers that an unemployment rate above roughly 6 percent would lead to accelerating levels of inflation.

The Federal Reserve can influence economic growth and employment through its control of interest rates, and in the late 1980s when employment dipped below 6 percent, the Fed raised interest rates sharply, a move that was

a major factor of the 1990-1991 recession and pushed the poverty rate back above 15 percent.

In the latter half of the 1990s, the Federal Reserve switched gears and allowed unemployment to fall below 6 percent without raising interest rates—in fact, they even lowered rates in 1995 when unemployment was at 5.7 percent, but the economy was slowing. By 2000, unemployment had dropped to an average rate of 4 percent without much change in inflation.

Today, of course, with unemployment at over 9 percent, we are far from full employment and yet the Fed has little room to maneuver since they have pushed the Federal Funds rate to near zero.

### *Work-life balance*

Among the most important employment trends over the past four decades is the increased role of women in the labor force who are married with children. Mothers

are now the primary or co-equal breadwinners in nearly two-thirds of all families and they account for half of all workers on U.S. payrolls.<sup>34</sup> As Columbia University's Jane Waldfogel notes, this increase was accompanied by the implementation of various equal pay and anti-discrimination policies.

But the United States has done much less than most wealthy nations in the area of work-life and family policies.<sup>35</sup> Unlike all other wealthy countries, the United States does not require that employers provide workers with any paid time off, for illness, holiday or vacation (a few cities and states, including California, do require paid leave or time off).<sup>36</sup> The Family and Medical Leave Act of 1993 provides unpaid leave to approximately half the labor force, but it does not address the issue of how workers—especially low- and middle-wage workers who live paycheck to paycheck, can afford to take time off without pay.

## Good jobs for low-income adults without a college degree

**T**he vast majority of nonelderly adults living below the poverty line—almost three out of four—have a high school diploma.<sup>37</sup> Roughly one-third have attended at least some college, with one-tenth having a college degree or higher. Reducing the share of these adults who lack a high school degree and increasing the share with a college degree would increase the opportunities they have in the labor market.

Most jobs in the U.S. economy, however, don't require a four-year college degree. So helping low-income adults who have only a high school diploma obtain good jobs—ones that often require more than short-term on-the-job training and/or post-secondary training short of a four-year degree—is crucial to reducing poverty. In addition to overall job creation, this can be done by connecting these adults to good jobs that already exist in the

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## Fast facts: Transportation and job opportunities

- **THE CURRENT TRANSPORTATION SYSTEM DOES NOT MEET CHANGING WORKFORCE DEMANDS.** Historically, the majority of jobs in a metropolitan area were located in the central core business district. Today, more people work in the outlying areas than in central cities. By 2006, 45 percent of jobs in our 98 largest metro areas were located more than 10 miles from the urban core.<sup>1</sup>
- **JOBS IN CAR-DEPENDENT AREAS ARE DISPROPORTIONATELY INACCESSIBLE TO PEOPLE OF COLOR.** Nineteen percent of African Americans and 13.7 percent of Latinos lack access to cars, compared with only 4.6 percent of whites.<sup>2</sup> Households with incomes below \$25,000 comprise 65 percent of households without vehicles.<sup>3</sup> Public transit riders save approximately \$1,400 in gas per year.<sup>4</sup>
- **TRANSPORTATION SECTOR PROVIDES NEW OPPORTUNITIES FOR EQUITABLE JOB GROWTH.** Investments in the transportation sector provide the dual impact of improving access to employment and creating jobs at the same time. More than 14 million jobs—about 11 percent of civilian jobs in our nation—are estimated to be transportation-related.<sup>5</sup> Of the roughly 8 million people employed in the transportation construction industry in 2008, African Americans comprised only 6 percent and women comprised less than 3 percent.<sup>6</sup>
- **THE NUMBER OF TRANSPORTATION CONSTRUCTION JOB OPENINGS IS GROWING.** This presents new opportunities for Americans living in poverty to obtain good jobs without displacing current workers.<sup>7</sup> The American Public Transportation Association estimates that 36,000 jobs are created or supported for every \$1 billion invested in public transportation, and every \$1 invested in public transportation generates almost \$4 in economic benefits.<sup>8</sup>

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1 Elizabeth Kneebone, "Job Sprawl Revisited: The Changing Geography of Metropolitan Employment" (Washington: Metropolitan Policy Program at Brookings, 2009), available at [http://www.brookings.edu/~media/Files/rc/reports/2009/0406\\_job\\_sprawl\\_kneebone/20090406\\_jobsprawl\\_kneebone.pdf](http://www.brookings.edu/~media/Files/rc/reports/2009/0406_job_sprawl_kneebone/20090406_jobsprawl_kneebone.pdf).

2 Brookings Institution and UC-Berkeley, "Socioeconomic Differences in Household Automobile Ownership Rates," available at <http://gsppi.berkeley.edu/faculty/sraphael/berubedeakenraphael.pdf>; PolicyLink, "The Transportation Prescription: Bold New Ideas for Healthy, Equitable Transportation Reform in America," available at <http://www.convergencepartnership.org/atf/cf/%7B245a9b44-6ded-4abd-a392-ae583809e350%7D/TRANSPORTATIONRX.PDF>, p. at 16.

3 Federal Highway Administration, "Our Nation's Travel: 1995 NPTS Early Results Report" (1995).

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5 Transportation Research Board, "The Workforce Challenge: Recruiting, Training, and Retaining Qualified Workers for Transportation and Transit Agencies" (2003), available at [http://www.nap.edu/openbook.php?record\\_id=10764](http://www.nap.edu/openbook.php?record_id=10764) cited in PolicyLink, "All Aboard: Making Equity and Inclusion Central to Federal Transportation Policy," available at [http://www.policylink.org/atf/cf/%7B97C6D565-BB43-406D-A6D5-ECA3BBF35AF0%7D/all\\_ aboard.pdf](http://www.policylink.org/atf/cf/%7B97C6D565-BB43-406D-A6D5-ECA3BBF35AF0%7D/all_ aboard.pdf).

6 U.S. Bureau of Labor Statistics, "Household Data Annual Averages, Table 11: Employed Persons by Detailed Occupation, Sex, Race, and Hispanic Origin" (2008).

7 Todd Swanstrom, "The Road to Good Jobs: Patterns of Employment in the Construction Industry" (St. Louis: Transportation Equity Network, 2008), available at <http://www.transportationequity.org/images/stories/Road2GoodJobs-Final.pdf>.

8 American Public Transportation Association, "Job Impacts of Spending on Public Transportation: An Update" (2009), available at [http://www.apta.com/gap/policyresearch/Documents/jobs\\_impact.pdf](http://www.apta.com/gap/policyresearch/Documents/jobs_impact.pdf).

economy but don't require college, and turning existing low-wage jobs into good ones.

How this might be accomplished can be seen by

taking a closer look at two major occupational categories that generally don't require education beyond high school: construction occupations and care work.

### Construction occupations

The decline in manufacturing employment in the United States has reduced the number of middle-income jobs that don't require post-secondary education. Construction remains an important source of middle-skill, middle-wage jobs, one that, unlike many manufacturing jobs, is not likely to be "offshored" any time soon. Construction jobs generally require moderate- or long-term on-the-job training rather than a college degree.<sup>38</sup> In most of the largest construction occupations, the vast majority of workers have no education beyond high school.

The typical construction worker earns just slightly less than the median worker across all occupations. Several construction occupations pay the typical worker in them substantially more than the national median. Operating engineers and other construction equipment operators, for example, typically earn about 15 percent more than a worker at the median across all occupations.<sup>39</sup>

Although construction remains a middle-wage occupation, wages have fallen substantially over the last several decades. Average real wages for construction workers were 17 percent lower in 2006 than in 1973.<sup>40</sup>

About 14 percent of construction workers are union members. Their wages are substantially higher than the wages of nonunionized construction workers, and they are more likely to have health insurance and retirement benefits. In 2005, construction workers who were union members earned \$22.20 per hour on average compared to \$14.35 for nonunion construction workers.<sup>41</sup>

Although manufacturing jobs have declined steadily over the last several decades (from 28.4 percent to 10.4 percent), the share of jobs in the construction industry is roughly the same as it was in 1960. Among construction occupations, the largest projected growth is for construction laborers (256,000 jobs, a 20 percent increase). Although not a medium-wage job, it typically pays better than nearly all of the other high-growth occupations that require some training but less than a college degree.<sup>42</sup>

While the outlook for construction jobs over the next decade is good, workers in these occupations have been hit harder than most workers by the Great Recession and the still lingering housing construction crisis.<sup>43</sup> After peaking in 2007 at 7.5 million employees, construction employment declined by 2 million employees. The current level is the lowest since 1998. Of the more than 8 million jobs lost between December 2007 and December 2009, one out of every five was in the construction industry.<sup>44</sup>

*Table 3: BLS, CPS tables, annual averages*

**HOUSEHOLD DATA, 2010**

	Median earnings as a ratio of median earnings for all occupations	Number of full-time wage and salary workers
Nursing, psychiatric, and home health aides	58%	1,329
Personal and home care aides	54%	499
Child care workers	54%	388

Source: BLS, Employment and Earnings, January 2011, Table 39, Current Population Survey.

Care work

Some 4.15 million workers are employed in four major care occupations—child care workers, nursing aides, personal and home care aides, and home health aides. Like most construction occupations, these jobs generally do not require a four-year college degree (although workers in the care occupations are generally more likely to have some college or a college degree).

In contrast to construction work, the care occupations generally pay much less than median earnings. Table 3 shows all of the major care occupations pay under 60 percent of median earnings.

The equity issues in care work occupations are basically the reverse of those in construction. The workforce is almost exclusively female, and African Americans are considerably overrepresented in these low-paying

occupations—particularly in nursing and home health occupations, where they are employed at three times their rate in the overall work force.<sup>46</sup>

All four of the major care occupations are on the Bureau of Labor Statistics’ list of the occupations with the largest projected job growth by 2018. Overall, the four care occupations are projected to grow by nearly 1.3 million jobs between 2008 and 2018, a 28 percent increase.<sup>47</sup>

Just as government plays an important role in the construction industry through its funding of public infrastructure projects, it also subsidizes much of the care provided by workers in care occupations. Medicare and Medicaid pay for services provided by nurse’s aides, home health aides, and personal- and home-care aides.<sup>48</sup> Various federal and state child care funding streams as well as tax benefits subsidize the parents’ purchase of child care.<sup>49</sup>

## The importance of labor market inclusion and equity

While the conventional wisdom that poverty is almost exclusively due to single mothers with numerous children is incorrect—about 46 percent of nonelderly adults living below the poverty line are men<sup>50</sup>—women are still disproportionately poor. The single best way to track gender equity in the labor market is by the ratio of female-to-male earnings. Women’s weekly earnings are currently 81.2 percent of men’s, and there has been little progress in narrowing this gap in recent years.<sup>51</sup>

Another major equity issue involves the employment and earnings of people with disabilities. In 2010, the employment rate of people with disabilities 18.6 percent was one-third that of people with no disabilities 63.5 percent. People with disabilities account for a larger share of working-age adults living below the poverty line than other major demographic group with a heightened risk of poverty, including African Americans, Latinos, and single-mother households.<sup>52</sup> Poverty among people with disabilities is driven by a combination of labor market exclusion and inadequate social insurance.

Young adults in general are also much more likely to live below the poverty line than other adults. While poverty is a transitory phenomenon for many young people as they obtain an

education or initial work experience, a significant share of young people are neither working or in school, and at heightened risk of economic security throughout their lives. In 2010, about 15 percent of youth ages 16 to 24 were not in work or enrolled in school.

Finally, it is important to note the extraordinary impact that the excessively punitive criminal justice system in the United States has on the labor market. The United States incarcerates a larger share of its people than any other country in the world. Federal, state, and local governments in the United States currently hold about 2.3 million people in prisons and jails, and supervise another 5.1 million people on parole or probation.<sup>53</sup>

John Schmitt and Kris Warner conservatively estimate the United States had between 12 million and 14 million ex-offenders of working age in 2008. A prison record or felony conviction greatly lowers ex-offenders’ prospects in the labor market. Schmitt and Warner calculate that the large population of ex-offenders’ lowered the total male employment rate that year by 1.5 to 1.7 percentage points. In GDP terms, these reductions in employment cost the U.S. economy between \$57 billion and \$65 billion in lost output.<sup>54</sup>

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## *Innovative job training program in health care*

Health care is one of the largest and fastest-growing industries in the United States. As our elderly population grows, the need for health care is also expected to increase—and with it the need for trained care workers. Between 2008 and 2018, health care is estimated to generate 3.2 million new jobs—more than any other industry.<sup>1</sup> The health care services industry is now poised to create employment opportunities for millions of Americans, and these much-needed jobs have the potential to lift many families out of poverty.

Partners HealthCare, a nonprofit health care system in Massachusetts, boasts an initiative to meet the need for qualified health care workers for its facilities and to provide important employment opportunities for local community residents interested in health care careers.<sup>2</sup> For 11 years, the Partners HealthCare Training and Employment Program has worked with several partner organizations to prepare low-income adults, many of whom are single mothers, for family-sustaining jobs at Partners hospitals. The program operates a free, full-time six-week program that includes 3.5 weeks of classroom instruction, a 2.5 week internship placement, and job search assistance, helping program participants find entry-level openings as laboratory aides, operating room assistants, and more.

Program participants learn medical terminology, communication, and customer service skills, and receive career counseling that includes resume guidance and interviewing preparation. Collaboration with government and nonprofit partners is part of what makes Partners HealthCare Training and Employment Program successful. The program works with the Massachusetts Department of Transitional Assistance to reach out to eligible clients who might be interested in health care work, as well as the Jewish Vocational Service, which assists in the assessment of potential participants and manages the direct instruction component of the program.

Project HOPE, a multiservice agency in Boston that provides assistance to low-income women with children, is also involved with Partners HealthCare Training and Employment Program outreach and assessment and provides case-management for participants during and one year after the program. These partnerships strengthen the capacity of the program to provide services and have enabled the program to serve more than 275 individuals since its inception.

The Partners HealthCare Training and Employment Program offers a model for effective collaboration between government agencies, health care providers, and community-based organizations to introduce low-income adults to a growing field.

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<sup>1</sup> Bureau of Labor Statistics, "Career Guide to Industries, 2010-11 Edition, Healthcare," available at <http://www.bls.gov/oco/cg/cgs035.htm>.

<sup>2</sup> HealthCare Training and Employment Program, Partners HealthCare, available at <http://www.partners.org/Community/Health-Care-Workforce/Partners-HealthCare-Training-and-Employment-Program.aspx>.

## Measuring our progress

Over this decade, Half in Ten will track eight indicators related to good jobs. Three of these indicators focus on educational attainment or participation of individuals:

- High school graduation
- Post-secondary education
- The share of young people (16-24) who are either working or in school

Four of the indicators focus on employment and job quality. They include:

- Employment
- Median wages
- The percentage of low-wage workers with paid sick leave

- The share of low-wage workers with employer-sponsored retirement benefits

The final indicator policymakers need to grasp the importance of good jobs to reducing poverty is:

- The gap between wage for women and men

Armed with these measures, policymakers can make the decisions necessary about creating good jobs to boost and broaden middle-class prosperity. But as our next chapter demonstrates, good jobs alone will not do the trick. Also needed are strong families and communities.

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## Endnotes

- 1 U.S. Census Bureau, Historical Poverty Tables, People, Table 2, available at <http://www.census.gov/hhes/www/poverty/data/historical/people.html>. Poverty rate for 1949 is from Christine Ross, Sheldon Danziger, and Eugene Smolensky, "The Level and Trend of Poverty in the United States, 1939-1979," *Demography* 24 (4) (1987): 587-600.
- 2 Elise Gould and Heidi Shierholz, "A Lost Decade: Poverty and Income Trends Paint a Bleak Picture for Working Families" (Washington: Economic Policy Institute, 2010).
- 3 In discussions of poverty trends in this essay we generally use the official poverty measure. Historical trend data for the SPM is not available and the research we cite on the relationship between the macroeconomy and poverty generally uses the official federal poverty measure. However, for the single-year estimates of the demographics of poverty, we use a version of the SPM calculated using the Census Bureau's Current Population Survey, or CPS, Table Creator II.
- 4 Ross, Danziger, and Smolensky, "The Level and Trend of Poverty in the United States, 1939-1979."
- 5 Hillary W. Hoynes, Marianne E. Page, and Ann Huff Stevens, "Poverty in America: Trends and Explanations," *The Journal of Economic Perspectives* 20 (1) (2006): 47-68. For similar results, see Kevin Lang, *Poverty and Discrimination* (Princeton: Princeton University Press, 2007). Researchers have also examined trends in California and New York City. Page and Stevens, looking at the increase in California's poverty rate between 1977 and 2004, found that most of the increase was attributable to an increase in wage inequality. Three factors—wage inequality, unemployment, and median wage trends—explained about two-thirds of the increase in poverty. Marianne E. Page and Ann Huff Stevens, "Understanding the Relation between Labor Market Opportunity and Poverty Rates in California" (Report Prepared for California Department of Social Services, 2005). Similarly, Mark K. Levitan and Susan C. Wieler found that increased poverty in New York City between 1966-1999 was largely due to the growth in income inequality. Mark K. Levitan and Susan S. Wieler, "Poverty in New York City, 1969-99: The Influence of Demographic Change, Income Growth, and Income Inequality, Federal Reserve Bank of New York," *Economic Policy Review* (2008): 13-30.
- 6 Hoynes, Page, and Stevens, "Poverty in America" (2006).
- 7 Levitan and Wieler, "Poverty in New York City, 1969-99."
- 8 Their study also examined demographic changes, including increases in the share of households headed by women and people of color, and found that the impact of these changes on poverty was "dwarfed by the] . . . dramatic increase in income inequality driven by a widening disparity in wage rates."
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- 10 Bureau of Labor Statistics, *Computer and Internet Use at Work in 2003*, Table A.
- 11 Low Wage Work in the Wealthy World, Jérôme Gautié and John Schmitt, eds., 2010. The researchers found that in 2005, about one-quarter of U.S. workers were in low-wage jobs, a higher percentage than any of the five other nations in the study. At the low end, only about 8.5 percent of workers in Denmark and 11 percent in France held low-wage jobs, p. 37.
- 12 Heather Boushey and others, "Understanding Low-Wage Work in the United States" (Washington: Center for Economic Policy and Research, 2007).
- 13 There are also other important, but less quantifiable elements that affect overall job quality. As Beth Shulman noted of low-wage work: "Inadequate wages are only the beginning. Low-wage jobs also mean few or no benefits, rigid schedules, late-night shifts, unsafe and unhealthy conditions, and lack of respect." Beth Shulman, *The Betrayal of Work* (New York: The New Press, 2003), p. 25.
- 14 Civilian employment includes private industry workers and state and local government employees, and excludes workers in agricultural establishments, private households and the self-employed.
- 15 Health insurance coverage rates—including both private and public source of coverage—declined for all nonelderly workers between 1979 and 2008—from about 93.5 percent in 1979 to 83.3 percent in 2008. Although there have been expansion of public sources of coverage for low-income children and some adults during this period, the percentage of low-wage workers without coverage from any source more than doubled over this same period, reaching nearly 38 percent in 2008. John Schmitt and Hye Jin Rho, "Health Insurance Coverage Rates for U.S. Workers, 1979-2008" (Washington: Center for Economic and Policy Research, 2010). Passage of the Affordable Care Act will increase coverage generally, including among low-wage workers.
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- 17 For more on 401(k) plans, see Rowland Davis, Nayla Kazzi, and David Madland, "The Promise and Peril of a Model 401(k) Plan" (Washington: Center for American Progress Action Fund, 2010).
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- 25 CEPR calculation from Bureau of Labor Statistics, "Employment Projections Program, Table 1.4, Occupations with Largest Job Growth, 2008 and projected 2018."
- 26 Bureau of Labor Statistics, "Employment Projections Program, Table 1.4."

- 27 On this point, see Harry Holzer and Robert Lerman, "America's Forgotten Middle-Skill Jobs: Education and Training Requirements in the Next Decade and Beyond" (Washington: The Workforce Alliance [now National Skills Coalition], 2007); and Harry Holzer and Robert Lerman, "The Future of Middle-Skill Jobs" (Washington: Brookings Center on Children and Families, 2009).
- 28 On the nonmarket benefits of education, see Barbara L. Wolfe and Robert H. Haveman, "Social and Nonmarket Benefits from Education in an Advanced Economy." In *Education in the 21st Century: Meeting the Challenges of a Changing World* (Boston: Federal Reserve Bank of Boston, 2002), available at <http://www.bos.frb.org/economic/conf/conf47/conf47g.pdf>. See also Sondra Beverly and Michael Sherraden, "Human Capital and Social Work" Working paper no. 97 (St. Louis: Center for Social Development, 1997).
- 29 Shawn Fremstad and Heather Boushey, "The (Mis)Measure of Prosperity: Morning in America and the Decline of the Social Wage," *New Labor Forum* 19 (1) (2010): 54.
- 30 Barry T. Hirsch and David A. Macpherson, Table 1 on Union Membership, Coverage, Density, and Employment Among All Wage and Salary Workers, available at [www.unionstats.com](http://www.unionstats.com).
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- 32 David S. Lee, "Wage Inequality in the United States During the 1980s: Rising Dispersion or Falling Minimum Wage," *Quarterly Journal of Economics* 114 (3) (1999): 977-1023.
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- 39 Bureau of Labor Statistics, "Employment and Earnings" (2011), Table 39.
- 40 Construction Chart Book, Chapter 22.
- 41 Construction Chart Book, Chapter 24.
- 42 Bureau of Labor Statistics, "Employment Projections Program, Table 1.4."
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# Indicators

## Summary

Boosting job preparation, employment and good jobs is a key way to help workers rise into the middle class.

Job preparation		
1a	High school graduation rate	74.7%
1b	Youth not in work or school, ages 16 to 24	14.9%
1c	25 to 34-year-olds with associate's degrees or higher	37.5%
Full employment		
2a	Unemployment rate, overall	9.6%
	Unemployment rate, Asian	7.5%
	Unemployment rate, Black	16.0%
	Unemployment rate, Hispanic/Latino	12.5%
	Unemployment rate, White	8.7%
2b	Unemployment rate, no college degree	10.7%
2c	Employment rate of people with disability	18.6%
Good jobs		
3a	Median weekly earning of workers in service occupations	\$479
3b	Workers in bottom quartile with paid sick leave	35%
3c	Workers in bottom quartile with retirement benefits	43%
3d	Full-time year median earnings by sex	78.6%

## High school graduation

Increasing the number of students who graduate high school is a critical component of long-term poverty reduction.

1a

U.S. LEVEL

*High school graduation rates*  
BY SCHOOL YEAR (%)

STATE LEVEL

*High school freshman graduation rates for the 2007-2008 school year*  
BY STATE (%)

School year	%
1994-1995	71.8
1995-1996	71.0
1996-1997	71.3
1997-1998	71.3
1998-1999	71.1
1999-2000	71.7
2000-2001	71.7
2001-2002	72.6
2002-2003	73.9
2003-2004	74.3
2004-2005	74.7
2005-2006	73.4
2006-2007	73.9
2007-2008	74.7

State	%	State	%
AL	69.0	MT	82.0
AK	69.1	NE	83.8
AZ	70.7	NV	51.3
AR	76.4	NH	83.3
CA	71.2	NJ	84.6
CO	75.4	NM	66.8
CT	82.2	NY	70.9
DE	72.1	NC	72.8
DC	56.0	ND	83.8
FL	66.9	OH	79.0
GA	65.4	OK	78.0
HI	76.0	OR	76.7
ID	80.1	PA	82.7
IL	80.4	RI	76.4
IN	74.1	SC	61.9
IA	86.4	SD	84.4
KS	79.0	TN	74.9
KY	74.4	TX	73.1
LA	63.5	UT	74.3
ME	79.1	VT	89.3
MD	80.4	VA	77.0
MA	81.5	WA	71.9
MI	76.3	WV	77.3
MN	86.4	WI	89.6
MS	63.9	WY	76.0
MO	82.4	<b>U.S.</b>	<b>74.7</b>

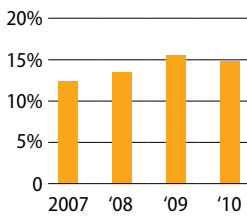
Notes: These are averaged freshman graduation rates for US public secondary schools only.  
Source: NCES (2011)

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Source: NCES (2011)

# Disconnected youth

Increasing the number of youth who are in school or in the workforce will improve their earning potential later in life.

**1b** U.S. LEVEL  
*Youth not in work or enrolled in school, ages 16 to 24*  
 BY YEAR (%)



Source: BLS Labor Force Statistics

STATE LEVEL  
*Youth not in work or education, ages 16 to 19*  
 BY STATE, 2009 (%)

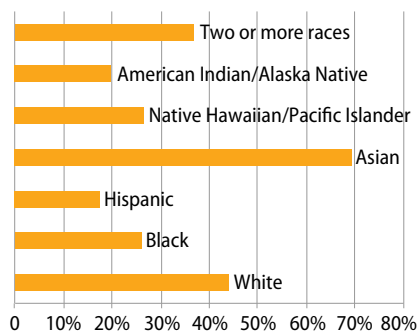
State	%	State	%
AL	10	MT	11
AK	12	NE	6
AZ	11	NV	13
AR	10	NH	5
CA	8	NJ	7
CO	8	NM	11
CT	6	NY	8
DE	8	NC	10
DC	10	ND	7
FL	11	OH	7
GA	12	OK	9
HI	12	OR	9
ID	9	PA	8
IL	9	RI	8
IN	9	SC	10
IA	6	SD	7
KS	7	TN	10
KY	10	TX	10
LA	11	UT	9
ME	7	VT	7
MD	8	VA	7
MA	6	WA	9
MI	9	WV	15
MN	6	WI	6
MS	12	WY	9
MO	9	<b>U.S.</b>	<b>9</b>

Source: Kids Count Data Center

# Higher education

Increasing the number of young adults with higher education will increase earnings.

**1c** U.S. LEVEL  
*Share of 25 to 34-year-olds with associate's degree or higher during 2006-2008*  
 BY RACE/ETHNICITY



Source: United States Education Dashboard

STATE LEVEL  
*Share of 25 to 34-year-olds with an associate's degree or higher during 2006-2008*  
 BY STATE (%)

State	%	State	%
AL	30.2	MT	37.5
AK	30.4	NE	43.4
AZ	31.6	NV	27.4
AR	27.0	NH	43.9
CA	35.6	NJ	45.2
CO	41.0	NM	29.0
CT	46.0	NY	47.3
DE	39.2	NC	36.1
DC	63.6	ND	48.9
FL	35.4	OH	36.2
GA	33.8	OK	30.3
HI	40.3	OR	35.4
ID	33.5	PA	42.4
IL	42.3	RI	42.1
IN	35.0	SC	33.7
IA	45.0	SD	42.0
KS	41.4	TN	30.6
KY	30.6	TX	30.4
LA	28.6	UT	38.2
ME	36.4	VT	42.3
MD	44.9	VA	41.9
MA	52.7	WA	40.3
MI	36.1	WV	28.8
MN	48.1	WI	40.5
MS	30.3	WY	35.4
MO	36.8		

Source: United States Education Dashboard

# Indicators

## Full employment

A key component of our efforts to cut poverty in half is to increase the number of workers who are employed. Increasing employment among people with disabilities will reduce the number of disabled people who fall into poverty.

2a

U.S. LEVEL

### Unemployment rates by race and ethnicity (%)

	Overall	Asian	Black	Hispanic/Latino	White
2000	4.0	3.6	7.6	5.7	3.5
2001	4.7	4.5	8.6	6.6	4.2
2002	5.8	5.9	10.2	7.5	5.1
2003	6.0	6.0	10.8	7.7	5.2
2004	5.5	4.4	10.4	7.0	4.8
2005	5.1	4.0	10.0	6.0	4.4
2006	4.6	3.0	8.9	5.2	4.0
2007	4.6	3.2	8.3	5.6	4.1
2008	5.8	4.0	10.1	7.6	5.2
2009	9.3	7.3	14.8	12.1	8.5
2010	9.6	7.5	16.0	12.5	8.7

Note: Categories are not mutually exclusive -- Hispanic/Latinos include workers who are White, Black, etc.  
Source: BLS Labor Force Statistics

2b

U.S. LEVEL

### Unemployment rates of workers by degree of education, ages 25 and older (%)

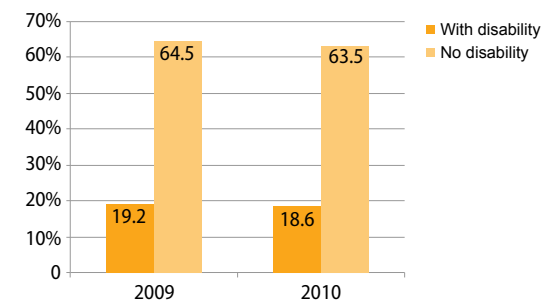
	Less than high school degree	High school degree, but no college attendance	No college degree
2000	6.3	4.2	3.8
2001	7.2	4.9	4.5
2002	8.4	6.1	5.7
2003	8.8	6.3	5.9
2004	8.5	5.9	5.5
2005	7.6	5.4	5.1
2006	6.8	4.9	4.6
2007	7.1	5.0	4.7
2008	9.0	6.5	6.0
2009	14.6	10.9	10.2
2010	14.9	11.4	10.7

Notes: Includes workers with some college education but no college degree.  
Source: BLS Labor Force Statistics

2c

U.S. LEVEL

### Employment rate for workers, by disability status



Source: BLS Labor Force Statistics

# Good-paying jobs

Increasing the weekly earnings of workers in service occupations is an important strategy to lower the number of people living in poverty.

3a

U.S. LEVEL

*Median weekly real earnings of workers in service occupations, by occupation, 2010 (\$)*

	All services	Healthcare support	Protective services	Food preparation and serving	Personal care and service	Building and grounds cleaning and maintenance
2000	462	453	748	401	444	444
2001	475	470	735	410	465	453
2002	480	476	799	405	464	458
2003	478	474	747	414	463	462
2004	474	470	808	416	464	444
2005	461	458	757	398	457	440
2006	456	457	749	401	440	439
2007	477	477	756	405	456	444
2008	481	471	757	407	481	436
2009	478	480	759	405	447	451
2010	479	471	747	406	455	446

Notes: Earnings for full-time workers in services. Inflation adjusted using the CPI-U-RS, except for 2010, adjusted using the 2010-2009 CPI-U change applied to 2009 CPI-U-RS.  
Source: BLS Labor Force Statistics, CPI-U-RS, CPI-U

# Indicators

## Employment benefits

Increasing the number of workers with access to sick leave and retirement benefits will create economic security for more working families.

### 3b U.S. LEVEL *Share of workers with access to paid sick leave, by wage percentile (%)*

Wage percentile	2009	2010
Lowest 10 percent	22	22
Lowest 25 percent	37	35
Second 25 percent	68	70
Third 25 percent	77	80
Highest 25 percent	86	87
Highest 10 percent	88	90
<b>All workers</b>	<b>66</b>	<b>67</b>

Notes: Workers are civilian, non-farm, non-federal, and not self-employed.  
Source: BLS National Compensation Survey

### 3c U.S. LEVEL *Share of workers with access to retirement benefits, by wage percentile (%)*

Wage percentile	2009	2010
Lowest 10 percent	34	31
Lowest 25 percent	46	43
Second 25 percent	72	70
Third 25 percent	80	80
Highest 25 percent	88	88
Highest 10 percent	90	90
<b>All workers</b>	<b>71</b>	<b>69</b>

Notes: Workers are civilian, non-farm, non-federal, and not self-employed.  
Source: BLS National Compensation Survey

## Wages

Reducing the disparity in wages between men and women is a critical component to poverty reduction, as more women are entering the workforce and are now primary or co-breadwinners of their households.

### 3d STATE LEVEL *Full-time year round median earnings by sex, 2010*

State	Men	Women	Ratio (%)	State	Men	Women	Ratio (%)
AL	\$41,895	\$31,321	74.8	MT	\$41,339	\$30,306	73.3
AK	\$56,643	\$42,376	74.8	NE	\$41,929	\$32,022	76.4
AZ	\$43,594	\$35,947	82.5	NV	\$42,689	\$35,363	82.8
AR	\$39,082	\$29,148	74.6	NH	\$51,530	\$40,185	78.0
CA	\$49,453	\$41,302	83.5	NJ	\$57,978	\$45,936	79.2
CO	\$50,237	\$39,638	78.9	NM	\$41,023	\$32,234	78.6
CT	\$60,168	\$46,004	76.5	NY	\$50,228	\$41,570	82.8
DE	\$49,013	\$39,508	80.6	NC	\$41,138	\$33,188	80.7
DC	\$61,381	\$56,127	91.4	ND	\$42,214	\$31,027	73.5
FL	\$40,731	\$32,762	80.4	OH	\$45,859	\$35,284	76.9
GA	\$43,344	\$34,709	80.1	OK	\$40,458	\$30,901	76.4
HI	\$45,443	\$36,242	79.8	OR	\$45,685	\$35,301	77.3
ID	\$41,128	\$30,403	73.9	PA	\$47,038	\$36,338	77.3
IL	\$50,549	\$38,638	76.4	RI	\$50,567	\$40,532	80.2
IN	\$44,851	\$32,221	71.8	SC	\$41,381	\$31,518	76.2
IA	\$42,250	\$33,186	78.5	SD	\$37,442	\$30,876	82.5
KS	\$43,773	\$32,204	73.6	TN	\$41,415	\$31,854	76.9
KY	\$40,911	\$31,628	77.3	TX	\$42,044	\$33,689	80.1
LA	\$45,524	\$30,600	67.2	UT	\$46,609	\$32,163	69.0
ME	\$43,029	\$33,873	78.7	VT	\$42,562	\$35,891	84.3
MD	\$57,017	\$47,175	82.7	VA	\$51,597	\$40,669	78.8
MA	\$56,959	\$46,213	81.1	WA	\$52,080	\$40,246	77.3
MI	\$48,953	\$36,413	74.4	WV	\$42,126	\$29,651	70.4
MN	\$50,081	\$39,289	78.5	WI	\$45,523	\$35,490	78.0
MS	\$38,613	\$28,879	74.8	WY	\$50,854	\$32,426	63.8
MO	\$42,282	\$32,481	76.8	<b>U.S.</b>	<b>\$46,500</b>	<b>\$36,551</b>	<b>78.6</b>

Source: Half in Ten calculations based on the ACS 2010 data <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>

