

“The Future of Low Wage Work in Metropolitan America”

By

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Executive Summary

Given the changing economic circumstances of recent years, the time is ripe for – and the field requires – a fresh and comprehensive look at current labor market conditions and trends. In particular, the philanthropic community, labor market scholars, and those working in and with government to help low wage workers and new labor force entrants to move into better jobs all face the challenge of better understanding: 1) how the workforce has changed in terms of its size, geographic distribution, social and demographic characteristics; 2) how the **low wage** workforce has changed in terms of its socio-demographic composition and geographic distribution; 3) how the demographics of those who work in these industries and occupations are changing, 4) how these trends vary across metropolitan areas, and 5) which metropolitan areas and labor force segments show the most interesting trends, in terms of upward mobility. This study provides information useful in addressing these questions for the period from 1980 to 2006, with a particular focus on the trends between 2000 and 2006.

This is the first in a series of reports that focus on the population of persons aged 16 years and older from 1980 to 2006. As a result of immigration, natural increase, and internal migration, the national population grew substantially over this period and shifted toward the South and West. The number of employed persons grew from 97 million in 1980 to 140 million in 2006, an increase of 42 million individuals or 43 percent; the 2000-2006 period alone accounted for an increase of about 10 million workers, a 7.6 percent growth rate, again, lower than for the entire period.

As discussed in this report, the significant changes in the socio-demographic composition of the work force over the last twenty six years can be summarized as follows: 1) the locus of employment growth has been in the South and West; 2) over half, 54.5%, of the increase in full-time workers comes from the entry of females – White (26.2%), Black (8.1%), Latinas (11.5%) and Asians 5% full-time workers; 3) the gender and race/ethnic composition shift is closely associated with the dramatic growth of foreign born workers since 1980, which has fueled full time employment growth in the major metropolitan areas of all parts of the country. There has been a notable substantial **decline** in the share of younger workers in every age bracket under 35 years; with the aging of the baby boom, young adults make much less of the full time workforce, while older workers make up more. It appears that younger potential workers are investing in education rather than entering full time employment; college enrollment rates rose significantly over this period for the 18-24 age group. Between 1980 and 2000, the foreign born full time

worker population had grown by 250 percent, or almost by 7 million additional workers, and 12.7 percent of the workforce. From 2000 to 2006, the foreign born full-time labor force grew by another 5 million workers, increasing their overall share to 16.3 percent.

Overall, median wages did not change much overall from 1980 to 2006. Male wages have generally been stagnant or declining (with the exception of Asian males), while female wages have closed some of the gap with men. Women are still more likely to work in low wage jobs than men, but this gap has also narrowed. Racial/Ethnic minorities, especially Blacks and Latinos, are more likely to be in low wage jobs. There has been a large increase in low wage labor among the foreign born, especially recent arrivals and those with low English proficiency. The ranks of low wage workers are also dominated by those with low levels of education. Less educated workers are far more likely to work in low wage jobs, but even among college graduates 1 in 10 are in low wage jobs.

Metropolitan patterns of job growth

Urban areas have followed several different growth paths since 2000, with respect to both their rates of job growth and the proportion of jobs which are low wage. In order to categorize these trajectories, we classified cities according to two variables: rate of job growth and rate of growth of low wage jobs. Nationally, the number of jobs grew by 9 percent, while the percentage of all jobs which are low wage grew by 1.2 percentage points, from 25.1 percent to 26.3 percent. However, individual metropolitan areas diverged from these growth patterns. In summary, one group of metropolitan areas created jobs at a higher rate than the national average, but also increased their low-wage jobs faster than the national rate. Many cities in Texas fall into this category. A second group had above-average job growth and also had rates of low-wage job growth that increased or decreased more slowly than the national average. Many Southeastern cities fall into this category. Third was a group of metropolitan areas that lagged behind the national average in job creation (or actually lost jobs) and also increased their percentage of low wage jobs faster than the national rate. Many declining industrial cities in the Midwest and Middle Atlantic are in this group. Finally, there were areas that lagged in job creation, but also had lower increases in low-wage labor rate than the national average. This was the most common pattern in the Northeast. This analysis confirms are findings that job growth has been highest in the south and west, and has been concentrated in areas with lower overall wages. However, it is clear that even within regions, some cities are less reliant than others on low wage labor to drive growth.

Industry and Occupation Change

Finally, male and females in the low wage market are segregated in terms of the industries and occupations where they work. Males in the low wage workforce have been concentrated in the construction, manufacturing, retail trade and food preparation. In contrast, women in the low wage workforce are much more likely to work in the educational, health and social service sector followed by the retail trade, food preparation and manufacturing.

In terms of occupations male low wage workers are most likely to work in construction (24.5%) and production and transportation (24.1%) and in service occupations 22.5% including

food preparation and building and grounds cleaners. Women in low wage jobs are concentrated in two major occupational categories: 1) Service occupations (37%) where they are most likely to be in food preparation and personal care and services; and 2) Sales and Office occupations (34%) where they are concentrated in office and administrative support occupations and sales.

This report represents our initial analysis of low wage work in Urban America. We have started on the second phase which focuses on furthering our empirical understanding of the changing industrial/occupational mix across metropolitan areas and the implications of those changes for low wage workers. Second, we will examine more carefully, the outcomes for members of specific racial/ethnic/gender subgroups by region of the country and to the extent possible by metropolitan area.