

NOT ENOUGH WORK: ACCESS TO FULL-TIME JOBS WITH DECENT PAY AND BENEFITS VARIES BY RACE/ETHNICITY AND PLACE OF RESIDENCE

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As the nation slowly recovers from the Great Recession of 2007-2009, many indicators, including the poverty rate, median income, and some indicators of economic inequality suggest a stagnating economy (see De-Navas-Walt et al., 2013). (See Table 1) The unemployment rate is often touted as an indicator that the economic situation is improving. At 5.8 percent in October, 2014, unemployment is dramatically lower than its recent peak of 10.0 percent in October, 2009 (<http://data.bls.gov/timeseries/LNS14000000>). However, this figure may tell only a partial story. The official unemployment rate is the count of those currently not working but actively seeking work divided by the entire labor force, inclusive of those with any employment and those not working but seeking work. It therefore, by definition, excludes workers who are underemployed and/or underutilized, and those who have given up the search for employment. There are several ways of conceptualizing underemployment. The Bureau of Labor Statistics conceptualizes “underutilized” workers as unemployed persons looking for work, who are marginally attached to the labor force but excluded from official statistics (e.g., discouraged workers who want to work but have given up looking for jobs), as well as involuntary part-time workers (those who want to work but cannot obtain full-time hours or a full-time job). The underemployed may also include those overqualified for their current jobs, those who are working but still live below the poverty line, and those who are working but lack access to key benefits such as health insurance.

In this brief, we consider differences across rural and urban America¹ in each of these measures, given the very different economic conditions that prevail in rural America, where higher paying jobs and those with employer-provided health insurance are less common (McLaughlin and Coleman-Jensen 2008), nonstandard work is more ubiquitous (McCrane 2011), and the best-educated and young often move away (Carr and Kefalas 2010: *Hollowing Out the Middle*). Further, we break down these differences by both race and gender, as prior research suggests racial-ethnic differences in

underemployment (Glauber 2013; Sum and Khatiwada 2010; Young 2012), and we know from the literature that different factors may influence women and men’s employment (see, for example, Hollister 2011). We use data from the 2013 Annual Social and Economic Supplement to the Current Population Survey—the most currently available data for assessing labor force dynamics across the country in this way.² All differences noted are statistically significant ($p < 0.05$). Statistically significant differences are noted in figures as * ($p < .05$), ** ($p < .01$), and *** ($p < .001$), respectively.

KEY FINDINGS

- Rural residents face employment prospects similar to or worse than their urban counterparts (those residing either in suburbs or central cities) for each of the six BLS indicators of underutilization.
- Nearly 14 percent of urban and almost 15 percent of rural residents were working less than they wanted to, or not at all.
- 15.9 percent of workers with two or more years of college education residing in urban places are in low skill jobs (jobs that don’t require these credentials), similar to the 17 percent of workers in rural America.
- Roughly 18 percent of all workers lack health insurance.
- Employed persons in rural areas are slightly more likely than employed persons in urban areas to have earnings below the poverty threshold.
- Men are significantly more likely to experience each of the measures of underutilization than are women, and working men less often have access to health insurance coverage than do working women.
- Women are overqualified for their jobs far more often than are men and employed women are more often in poor families than are employed men.
- Black, Hispanic, and multiracial/other workers experience higher rates of underutilization than do whites across measures, with blacks being the most disadvantaged group.
- Racial-ethnic minorities are significantly more likely to face underemployment and underutilization than non-Hispanic white workers.

¹According to the US Census Bureau’s 2010 definition, urban/rural classification is based on population density, with “Urban” places being either a) An Urbanized Area (UA) of at least 50,000, or b) an Urban Cluster (UC) “of at least 2,500 people and less than 50,000 people”; anything not encompassed by one of these two classifications is then designated as rural (<https://www.census.gov/geo/reference/ua/urban-rural-2010.html>)

²Data were obtained from the National Bureau of Economic Research’s data page: <http://www.nber.org/cps/>

A RURAL EMPLOYMENT DISADVANTAGE

As shown in Figure 1a, across the indicators analyzed, rural residents face prospects similar to or worse than their urban (those residing either in suburbs or central cities) counterparts for each of the six BLS indicators of underutilization³. Rural and urban residents were similarly likely to face unemployment for more than 15 weeks or lose their jobs (U1), though these events were relatively uncommon at 4.6 percent in rural places and 4.3 percent among metropolitan residences. Rural residents were somewhat more likely to be unemployed, with 8.4 percent of the population aged 16 and older seeking work. Although the rates of marginal attachment to the labor force are very low, we again see a rural disadvantage when these numbers are added to the official unemployment rate (U4 and U5) in that more rural than urban residents had given up on finding a job. Although there was no significant difference in the likelihood of working fewer hours than wanted (when not added to U5, data not shown), rates of involuntary part time work were high at roughly 5.5 percent across the sample. Added to the unemployment rate, this suggests that nearly 14 percent of urban and almost 15 percent of rural residents were working less than they wanted to, or not at all.

With respect to the additional measures of underemployment (Figure 1b), similarly high rates of overqualification, and of not having health insurance in rural and urban places are evident. In urban America, 15.9 percent of workers with two or more years of college education are in low skill jobs, similar to the 17 percent in rural America. Roughly 18 percent of all workers lack health insurance, though it is unclear whether this is because they cannot access it through work (for some, perhaps because they work only part-time) or cannot afford it. Note, however, that analyses that disaggregate central cities and suburbs reveal that those in central cities are less often insured than those in rural places.

The only disparity that stands out by place is working poverty, which is more common in rural America (7.8 percent, compared to 6.5 percent in urban areas), though subsequent analyses did show those in cities face higher poverty than their rural counterparts suggesting this trend is driven by low rates in the suburbs.

Table 1. Definitions of Underemployment and Underutilization.

UNDERUTILIZATION (as defined by the BLS ³)	
U1	Unemployed 15 weeks or longer
U2	Job losers and those who completed temporary jobs
U3	Official Unemployment Rate
U4	U3 plus discouraged workers (those who are not looking for work because of economic reasons, such as those who feel they are not qualified for available jobs)
U5	U4 plus marginally attached workers defined by BLS as : “Persons marginally attached to the labor force are those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the past 12 months. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not currently looking for work.”
U6	U5 plus involuntary part-time workers (those who want, but cannot attain, a full-time (at least 35 hours/week) schedule—often referred to as “part-time for economic [i.e., non-voluntary] reasons)
UNDEREMPLOYMENT	
Overqualified	Employed persons who are working in low-skill jobs but have at least a two-year college degree
Working Poor	Employed persons whose family earnings are below the poverty line
Working, No Health Insurance	Employed persons who lack any source of health insurance

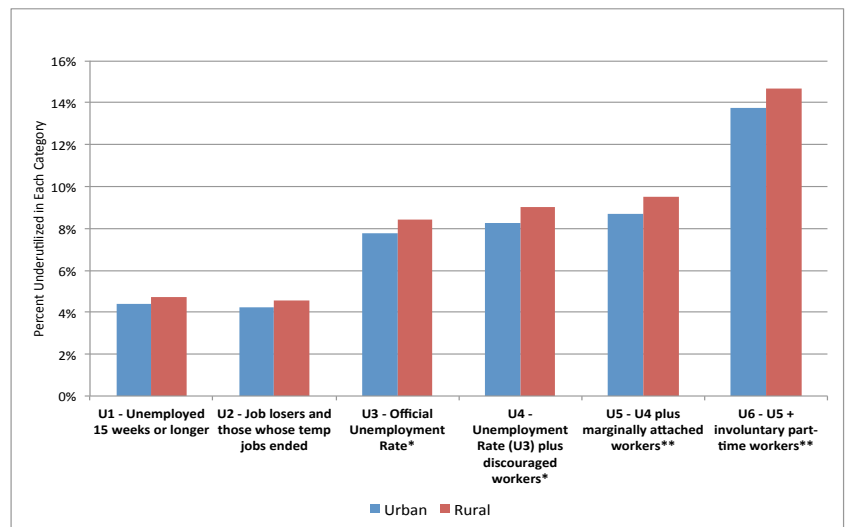


Figure 1a. Underutilization by Place.

GENDER DIFFERENCES ACROSS PLACE

Evident from Figure 2a is a male disadvantage in terms of underutilization. Men are significantly more likely to experience each of the measures of underutilization than are women. The starkest contrast is among job losers and those whose temporary jobs ended (U2). Men appear 1.5 times as often in this category as do women. These trends are generally consistent across rural and urban America (data not shown). With respect to underemployment, working men less often have access to health insurance coverage than do working women (though we do not know if women's access is through their own

³The Bureau of Labor Statistics reports trends and definitions of “underutilization” at the following: BLS, Table A-15. Alternative measures of labor underutilization: <http://www.bls.gov/news.release/empsit.t15.htm>

⁴Because breaking down suburbs and central cities in the CPS data means we lose a lot of cases to the “not identified” category, we opted to generally present only analyses on rural versus urban places. Note, however, that those in the suburbs tend to do better than both cities and rural places. Significant variation is discussed in text.

employment). However, our other two measures suggest a larger disadvantage for women: Women are overqualified for their jobs far more often than are men and employed women are more often in poor families than are poor men. These patterns generally hold across rural and urban America, but suggest that among men and among women, things may be marginally worse in rural America with respect to working poverty (data not shown).

RACIAL-ETHNIC DIFFERENCES ACROSS PLACE

Significant variation by race/ethnicity is evident across measures of underutilization and underemployment, and many of these disparities also differ by place. Overall, black, Hispanic, and multiracial/other workers experience higher rates of underutilization than do whites across measures, with blacks being the most disadvantaged group (Figure 3a). Asian workers appear to have a slight advantage compared to non-Hispanic whites, with the exception of being unemployed 15 weeks or longer (U1) where the difference between Asians and whites is not statistically significant. Our underemployment measures (Figure 3b) show all nonwhite workers are at a disadvantage (including Asian workers, with the exception of being overqualified, while the white/Asian difference is not significant).

Place matters for some racial-ethnic groups more than for others. All non-Hispanic white workers living in rural areas, for instance, fare worse than their urban peers on all measures of underutilization and underemployment with the exception of being unemployed 15 weeks or longer (where there is no place difference among whites). Other or multiracial workers also are at a disadvantage when living in rural areas, though overqualification rates appear equally high among this group regardless of place. Among black workers, place matters only with respect to working poverty, with 17.9 percent of those in rural places being employed but having below-poverty incomes, compared to only 10.9 percent of black workers in urban America. This is the only measure of either underutilization or underemployment among black workers that varies significantly by place. Among Asian and Hispanic workers, we find no significant place-level differences in either underutilization or underemployment. We also find that, with respect to rural places, there are no differences between Asian and white workers. In urban areas, however, there is a slight advantage for Asians with respect to four underutilization measures (U2, U3, U4, and U5). Asian workers in urban places are also less likely than whites to be overqualified, but more likely to report earnings below poverty and to lack insurance.

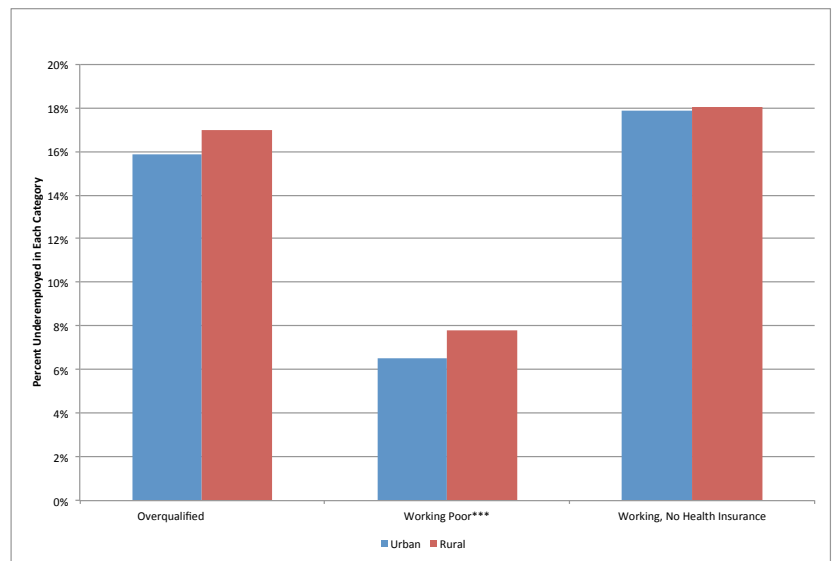


Figure 1b. Underemployment Type by Place.

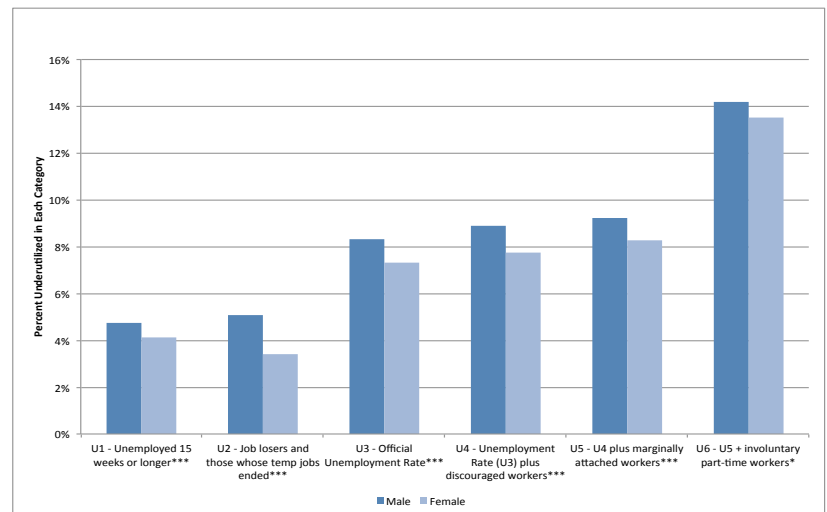


Figure 2a. Underutilization by Gender.

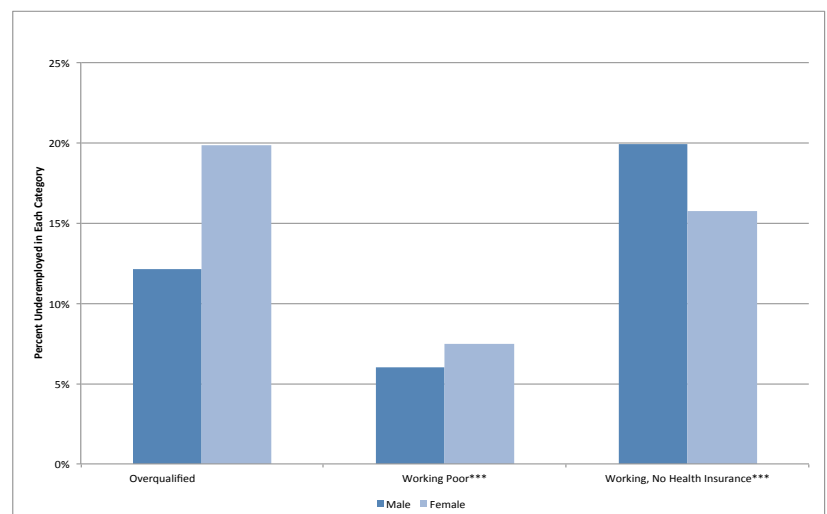


Figure 2b. Underemployment by Gender.

IMPLICATIONS

Our results show that even as unemployment falls, a large segment of the population continues to face challenges in finding adequate jobs that meet their needs for income and health insurance. Differences by place, race and gender suggest persistent disadvantages for those in rural places (and also central cities), racial-ethnic minorities, and women. As the nation looks to improve the economic situation of American families, keeping these employment challenges and demographic differences in mind may lead to improved policies and options as families seek to recover economically in the wake of the Great Recession. 🌱

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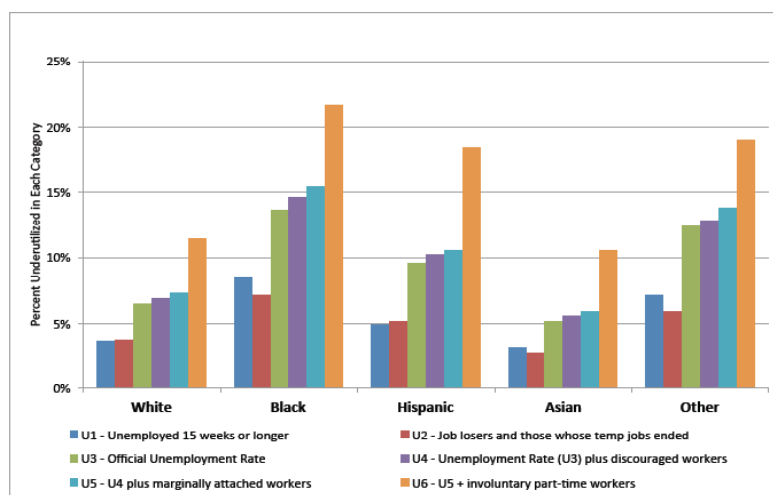


Figure 3a. Underutilization by Race/Ethnicity.

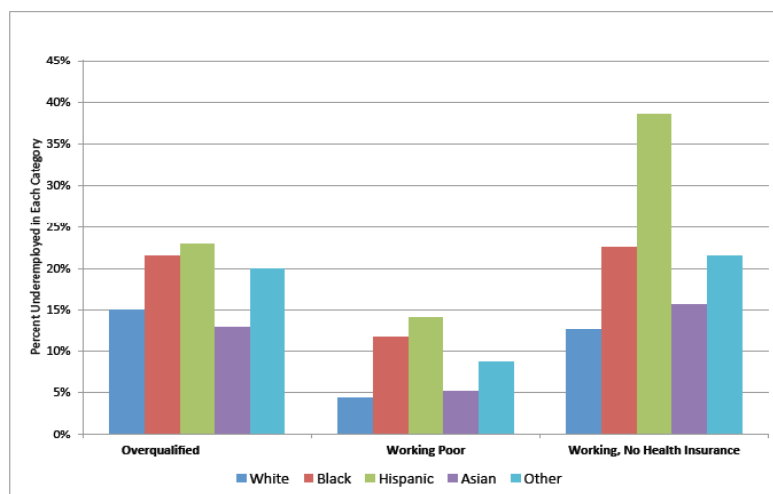


Figure 3b. Underemployment Type by Race/Ethnicity.