



# BEYOND THE HEADLINES

## At a Glance: Jobs, Workers & the Economy

JANUARY 2014

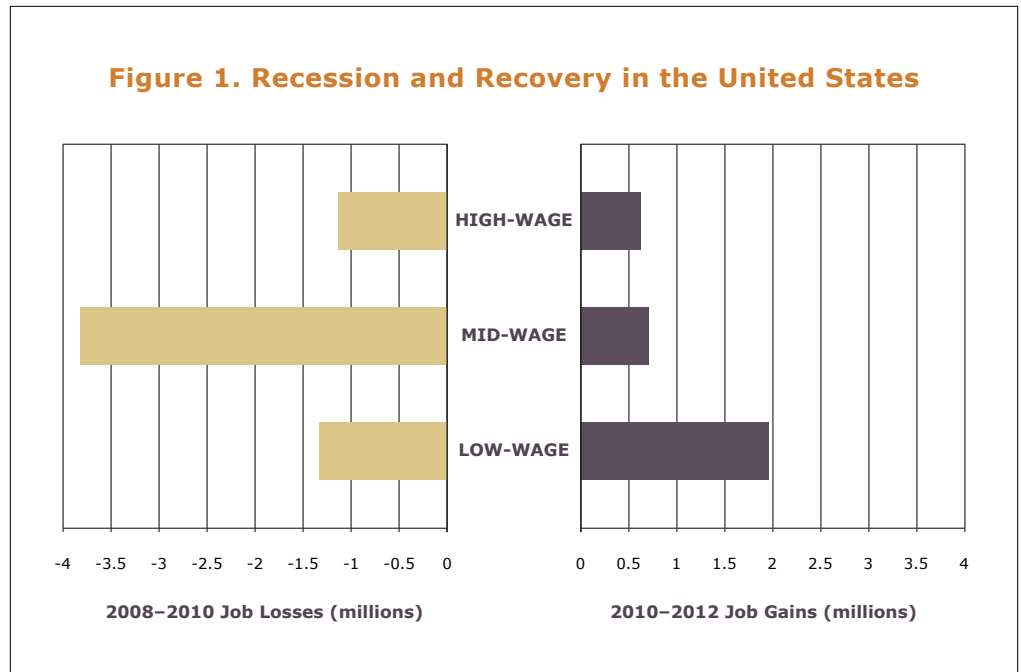
FOCUS: UNITED STATES & KING COUNTY

### Mid-Wage Jobs: Slow Recovery Means Growing Income Inequality

Recently, national attention has been drawn to the fact that the types of jobs returning to the American economy are not the same as those lost during the recession. *USA Today* and *The Washington Post*, along with other media outlets, have reported on the “hollowing out” of mid-wage jobs across the country, as most of the economic recovery has been driven by the return of low-wage and high-wage work.<sup>i</sup> These reports draw upon research from the National Employment Law Project (NELP), which found the majority of recessionary job losses were in mid-wage occupations yet most recovery growth has been in low-wage occupations.<sup>ii</sup>

Additionally, Economic Modeling Specialists, Int'l (EMSI) projects that only 22 percent of the new jobs created between 2013 and 2017 will be mid-wage jobs.<sup>iii</sup> There are multiple factors that may contribute to this troubling pattern, including globalization, technology and automation, budget cuts to governments, wage stagnation, political factors (e.g., declining union strength), and the slow recovery of mid-wage industries (e.g., construction).<sup>iv</sup> The regional economy of the Puget Sound does not always follow the same patterns as the nation at large, however, so how the recovery has unfolded in King County is examined here.

**Figure 1** displays the changes in employment (number of jobs) for the United States during the recession and during the recovery.<sup>v</sup> (The recession spans the first quarter of 2008 through the first quarter of 2010; the recovery spans the first quarter of 2010 through the first quarter of 2012). Using the median wages for distinct

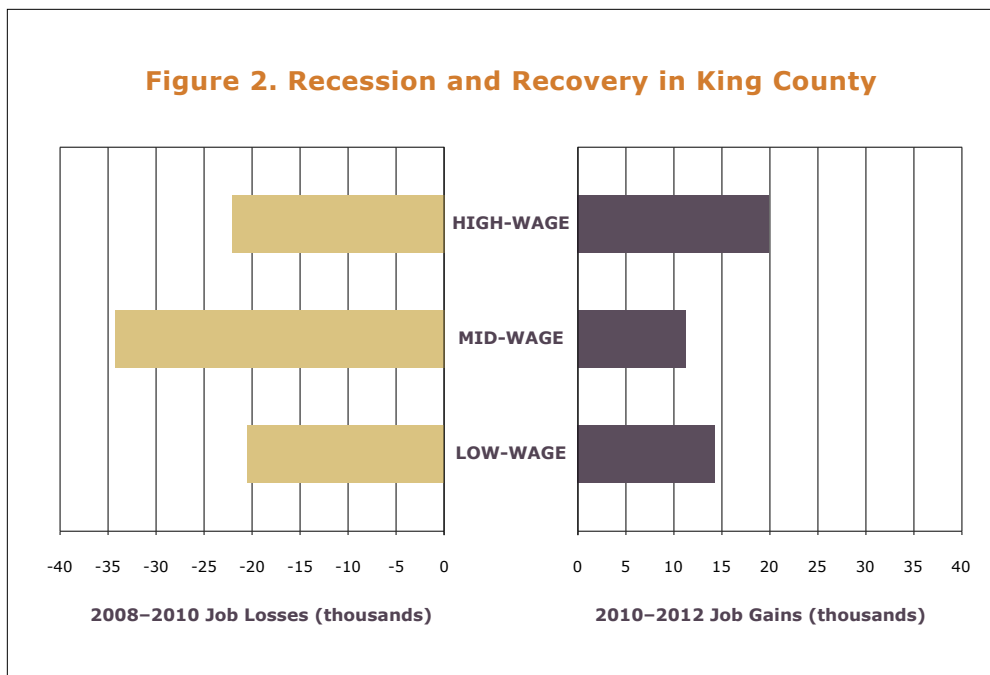


SOURCE: Adapted from the National Employment Law Project, *The Low-Wage Recovery and Growing Inequality*.

occupations, three groups were created (approximately equal in size based on the number of employed individuals) that were classified as low-wage (\$7.69 - \$13.83 per hour), mid-wage (\$13.84 - \$21.13 per hour), and high-wage (\$21.14 to \$54.55 per hour). As reported by NELP, mid-wage recessionary job losses constituted 60 percent of all job losses, yet during the recovery, these same jobs only represent 22 percent of job growth.<sup>vi</sup> Low-wage occupations made up 21 percent of job losses during the recession, yet these jobs yielded 58 percent of recovery job growth. High-wage jobs represented about 19 percent of job losses during the recession and 20 percent of recovery jobs.<sup>vii</sup> The outlook for mid-wage job creation over the next several years follows a similar pattern. As noted earlier, EMSI projects that only 22 percent of new jobs created between 2013 and 2017 will fall into the mid-wage category, and further, of the 165 occupations projected to lose jobs over the same time period, the vast majority of them (75 percent) are mid-wage.<sup>viii</sup>

## But how has job recovery taken shape locally?

**Figure 2** displays the changes in employment for King County during the recession and during the recovery; wage groups for King County (approximately equal in size based on the number of employed individuals) were classified (using the median wage) as low-wage (\$9.29 - \$16.38 per hour), mid-wage (\$16.39 - \$29.53 per hour), and high-wage (\$29.54 to \$113.99 per hour).<sup>ix</sup> King County follows a similar, yet muted, pattern to the country at large, with a few notable differences.



Mid-wage recessionary job losses constituted 45 percent of all job losses in King County, yet during the recovery, these same jobs only represent 25 percent of job growth. Low-wage job losses made up 27 percent of job losses during the recession and yielded 31 percent of recovery job growth. High-wage jobs represented about 29 percent of job losses during the recession and 44 percent of recovery jobs.

SOURCE: Data derived from Economic Modeling Specialists, Int'l.

Thus, similar to the whole of the United States, mid-wage jobs in King County saw the lion's share of recessionary job losses and the lowest recovery job growth. Contrary to the United States at large though, high-wage, rather than low-wage, jobs saw the most growth of the three occupational-wage groups during the recovery. Further, mid-wage jobs in King County are projected to constitute 31 percent of new

jobs between 2013 and 2017, comparable to low-wage job growth but significantly lower than high-wage job growth (40 percent). Of the 125 occupations projected to lose jobs over the same time period, more than half are mid-wage.<sup>x</sup>

With the return and growth of many high-wage jobs in King County came the accompanying return and growth of low-wage work. Whereas budget cuts and slower, industry-specific recovery contributed to the relatively slow growth of mid-wage jobs, recent growth in specific construction and manufacturing occupations, the durability of healthcare work, and the return of government jobs should facilitate mid-wage job growth in King County over the next several years.

## Implications

- The dearth of mid-wage jobs left by the recession and the recovery of low- and high-wage work will exacerbate income inequality in King County.
- Job losses in particular industries, such as construction and administrative work, created a void in mid-wage jobs that has not yet been filled during the recovery.
- High-wage job growth in King County is largely driven by the regional advantage in tech industry.
- The particular occupation groups within the mid-wage category that are projected to have the highest growth through 2017 include: customer service representatives; computer user support specialists; construction laborers; bookkeeping, accounting, and auditing clerks; and, medical secretaries.
- Despite the relatively higher growth in low-wage and high-wage occupations, mid-wage jobs are projected to constitute approximately one-third (31 percent) of industry growth and job openings through 2017 (an estimated 62,500 jobs).

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- i. Paul Davidson, "As Jobs Return, They'll Pay a Little or a Lot," *USA Today*, November 6, 2013, <http://www.usatoday.com/story/money/business/2013/11/06/middle-wage-jobs-grow-slowly/3455527>; Brad Plumer, "How the Recession Turned Middle-Class Jobs into Low-Wage Jobs," *The Washington Post*, February 28, 2013, <http://www.washingtonpost.com/blogs/wonkblog/wp/2013/02/28/how-the-recession-turned-middle-class-jobs-into-low-wage-jobs>.
  - ii. National Employment Law Project, *The Low-Wage Recovery and Growing Inequality*, accessed December 31, 2013, [http://www.nelp.org/page/-/Job\\_Creation/LowWageRecovery2012.pdf?nocdn=1](http://www.nelp.org/page/-/Job_Creation/LowWageRecovery2012.pdf?nocdn=1).
  - iii. Economic Modeling Specialists, Int'l, *The Jobs and Metros on the Rise: A New Report on America's Job Outlook by Wage Level*, accessed December 31, 2013, <http://www.economicmodeling.com/2013/11/07/the-jobs-and-metros-on-the-rise-a-new-report-on-americas-job-outlook-by-wage-level>.
  - iv. Davidson, "As Jobs Return, They'll Pay a Little or a Lot"; Plumer, "How the Recession Turned Middle-Class Jobs into Low-Wage Jobs."
  - v. Figure 1 adapted from data in National Employment Law Project, *The Low-Wage Recovery and Growing Inequality*, accessed December 31, 2013, [http://www.nelp.org/page/-/Job\\_Creation/LowWageRecovery2012.pdf?nocdn=1](http://www.nelp.org/page/-/Job_Creation/LowWageRecovery2012.pdf?nocdn=1).
  - vi. It is important to draw a distinction between this definition and the definition of a *middle-wage job*, as used by Seattle Jobs Initiative, which are jobs that pay at least \$17 per hour (\$35,360 annualized) and require less than a bachelor's degree but typically some education and training beyond high school.
  - vii. This information assumes that the median wage for each occupation group has not significantly changed relative to the median wage of other occupational groups since 2008, and will not change significantly through 2017. Slight differences, if they exist (i.e., a few occupational groups whose changing wage structure would shift them from the low-wage to the mid-wage group or the mid-wage to high-wage, or vice versa), should not dramatically change the results presented in this study.
  - viii. CareerBuilder and EMSI, *America's Job Outlook: Occupational Projections 2013-2017*, accessed December 31, 2013, <http://www.careerbuildercommunications.com/pdf/CB-OccupationsProjections-2013.pdf>.
  - ix. Data for Figure 2 was derived from Economic Modeling Specialists, Int'l Analyst (King County, 2013-2017, 2013.4 Class of Worker, QCEW + Non-QCEW Employees; accessed December 18, 2013), <https://www.economicmodeling.com>. Rather than using the national wage structure to assess local economic changes, as was the case in the CareerBuilder/EMSI study referenced earlier, this study accounts for King County's different wage structure and cost of living standards by determining the occupational-wage groups based on the local economy.
  - x. Ibid.

**BEYOND THE HEADLINES:** Policy & Labor Market Updates for Those Working to Help Low-Income and Low-Skill Individuals Advance through Education, Training & Living-Wage Jobs

### About Seattle Jobs Initiative

Seattle Jobs Initiative creates opportunities for students, workers and business to succeed by helping education and job training programs meet the demands of a new economy. We find and apply solutions for people to gain the skills they need for good jobs that create prosperity for all in today's marketplace.

**Supported by the City of Seattle Office of Economic Development**

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