URBAN INSTITUTE

Unemployment and Recovery Project

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Less-Educated Continue to Lose Jobs in Recovery—Even in Low-Wage Industries

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In the sluggish recovery, less-educated workers continue to lose jobs at a substantial rate, especially those with high school degrees or less education. This compounds the already large losses in employment over the course of the recent recession, which hit those without college degrees the hardest. Gains in the recovery have been concentrated among workers with college educations.

Among workers without high school diplomas (roughly 10 percent of the labor market at the beginning of the recession), about a fifth lost employment on net (total losses less total gains) across the recession and recovery period from late 2007 to early 2011 (figure 1). In the recovery period alone (from mid-2009 to early 2011), 10 percent of those without high school degrees lost employment on net.

Employment losses for those with high school degrees but no college (about 30 percent of the labor market) were lower but still significant. Over the entire period, employment for this group fell more than 10 percent on net, with about 3 percent losing employment in the recovery period. Employment losses are so big in the recovery in part because unemployment always takes longer to rebound than gross domestic product, so the lowest employment levels of the whole period were during the recovery.

Employment of college graduates (another 30 percent of the labor market) actually rose in the recovery period, although by a relatively low 3.0 percent.

In addition, since the end of the recession, low-skill workers continue to be the biggest net job losers across industries (figure 2). In low-wage, medium-wage, and high-wage industries, low-skill workers have faced large employment losses in this recovery.

Figure 1. Change in Employment as a Percentage of Employment in September–December 2007 by Skill Category

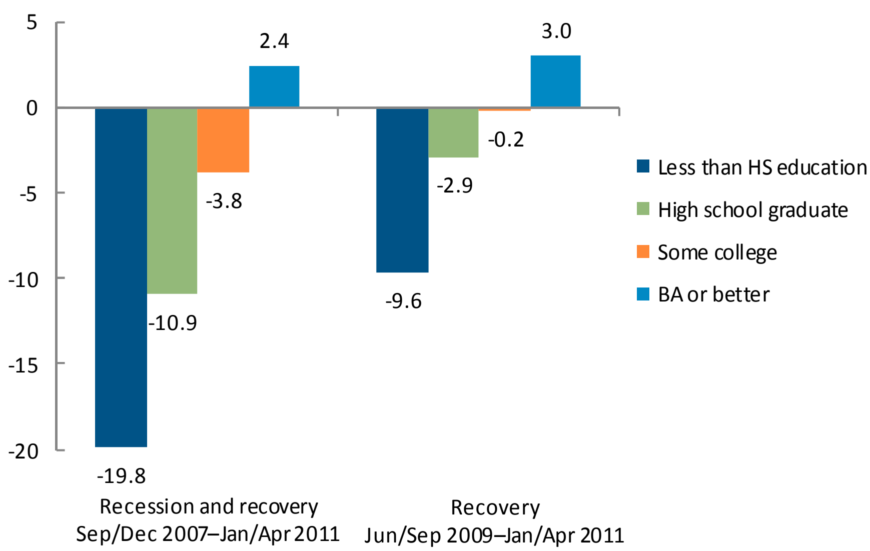
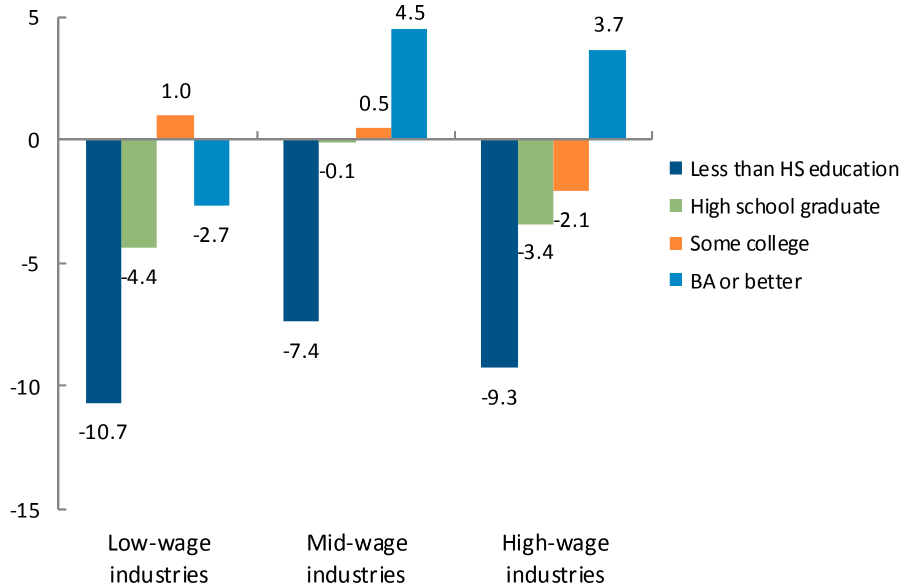


Figure 2. Percent Change in Employment by Skill Category, 2009–11



Industry groupings (roughly a third of all employment in each group):

Low-wage industries ($7.75–$11.00/hour): Accommodation/food services, agriculture/forestry/fishing, private households, other services except private households, retail trade, arts/entertainment/recreation, administrative, and waste management.

Medium-wage industries ($11.50–$13.00): Real estate, wholesale trade, non-durable manufacturing, educational services, finance/insurance, and health care.

High-wage industries ($13.50–$19.50): Transportation and warehousing, information, durable manufacturing, construction, professional and technical services, public administration, mining, and utilities.

Workers with high school degrees or less education are concentrated in low-wage industries. Employment in these industries of those without high school diplomas has fallen 11 percent on net in the recovery. For those with high school degrees, employment has fallen more than 4 percent in low-wage industries.

College-educated workers have fared the best, with some employment gains in both mid- and high-wage industries.

These trends mark a dramatic shift away from low-skilled labor. Even in the lowest paying industries, less educated workers earn the lowest wages in the labor market and likely have the most trouble weathering periods of unemployment. The recovery has a long way to go before employment of low-skill workers comes close to reaching pre-recession levels, and the consequences of the drop in employment are likely to be far reaching and long lasting.

Definitions and Data

This analysis uses monthly data from the Current Population Survey. The start of the recession is defined combining employment levels for September through December 2007. The end of the recession is defined using June through September 2009, and the most recent figures are for January through April 2011. Net percent employment change for the recession is defined as the difference between mean employment at the end of the recession and mean employment at the beginning of the recession as a percentage of employment at the beginning of the recession. For the recovery period, net percent employment change is defined as the difference between current and end-of-recession mean employment as a percentage of mean employment at the beginning of the recession. Industry groupings are based on average wages in the primary industry from January to August 2007.