

Where It Really Hurts

Job Losses for Low-Skill Workers by State

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Labor market deterioration during the Great Recession has been both substantial and unevenly distributed across regions and types of workers. In particular, low-skill workers have lost more jobs than other workers and done particularly poorly in a number of states.

Nationwide, the employment-to-population ratio stood at 62.7 percent at the end of 2007 before falling sharply to 58.2 percent at the end of 2009. Since then, the employment-to-population ratio has essentially remained flat despite the official end of the recession. In fact, the ratio is still at 58.2 percent as of August 2011. In other words, since the beginning of 2010 there have been just enough jobs created to keep up with population growth, but not enough job growth to recover any of the losses that occurred in 2008 and 2009.

States have lost employment with varying degrees of severity. Figure 1 shows the percentage change in average state monthly employment before and after the deterioration of the overall labor market.¹ Job losses are particularly acute for Michigan, Nevada, Rhode Island, New Mexico, West Virginia, and Indiana. In contrast, D.C., Alaska, North Dakota, and Texas have posted modest job gains.

The national job market for low-skill workers, defined as those who did not complete high school, is even bleaker. The number of employed low-skilled workers has fallen over this same time period by 15.3 percent. This compares to a decline of 5.6 percent for workers of all skill levels.

The employment climate for low-skill workers varies greatly across states. Figure 2 shows the percentage change in each state's share of employed workers who are high school dropouts. A value of zero percent would indicate low-skill workers lost employment at the same rate as all workers in the state. A value of -9.7 percent indicates low-skill workers in the state lost employment at the same rate as the nation as a whole. In states with positive or less negative percentage changes, low-skill employment losses relative to overall state employment losses have been smaller than low-skill employment losses nationwide. States with more

negative percentage changes have suffered highly disproportionate low-skill employment losses; these states have performed worse than the national average.

Top-performing states for low-skill workers include Nebraska, Alaska, Delaware, South Dakota, and Missouri, which have actually experienced relative employment gains. In contrast, states like Tennessee, Virginia, Massachusetts, Oregon, and Arizona, have the largest relative employment losses for low-skill workers.

Some interesting patterns emerge when comparing the two figures. Texas performs well overall and for low-skill workers while Florida performs poorly in both figures. Other states have had more nuanced experiences. Michigan has suffered large overall employment losses but low-skill workers' employment growth is relatively strong. Missouri has also done significantly better for low-skill workers' employment than for overall employment. In contrast, Washington, D.C., and Massachusetts rank high on overall job growth but low-skill job growth is extremely weak.

The large employment losses for low-skill workers nationwide and in certain areas of the country raise important questions about the impacts on these workers, who may have difficulty making it during periods of unemployment. It also raises questions about the ability of the hardest-hit area labor markets to rebound and whether there are lessons to be learned from areas that have managed to maintain or lose fewer low-skill jobs.

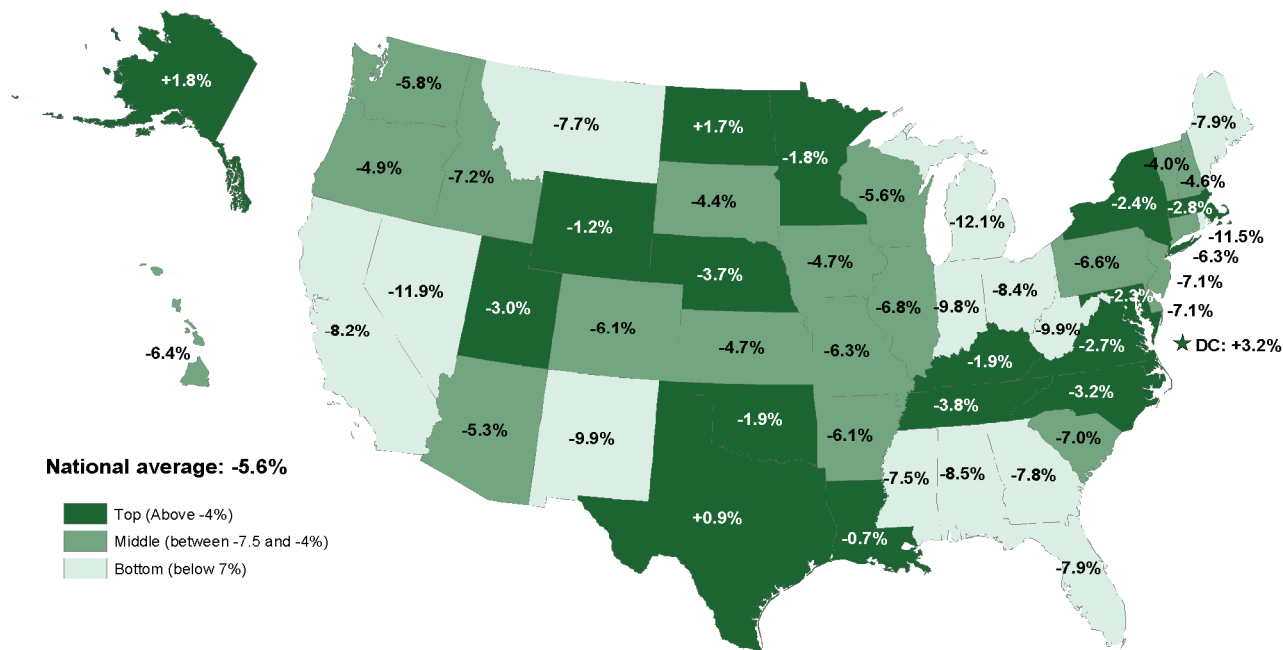
Acknowledgment

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Note

1. Monthly employment is averaged over calendar year 2007 to form the "before" period and is averaged over January 2010 through August 2011 to form the "after" period. Employment is measured for individuals age 22 through 60 using the Current Population Survey basic monthly files.

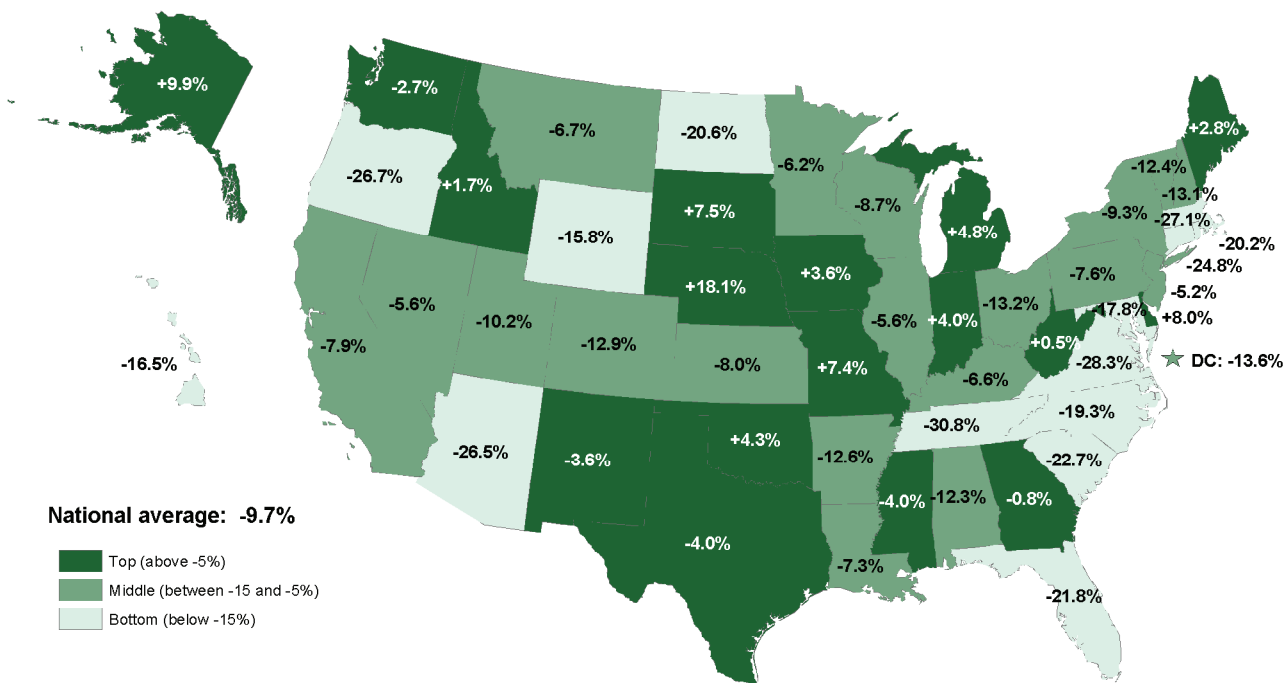
Figure 1. Percentage Change in Employment by State



Source: Author's calculations using the Current Population Survey basic monthly files.

Notes: Employment is measured for individuals age 22 through 60. Employment is averaged over calendar year 2007 to form the "before" period and is averaged over January 2010 through August 2011 to form the "after" period.

Figure 2. Percentage Change in Low-Skill Employment by State



Source: Author's calculations using the Current Population Survey basic monthly files.

Notes: Employment is measured for individuals age 22 through 60. Employment is averaged over calendar year 2007 to form the "before" period and is averaged over January 2010 through August 2011 to form the "after" period.