

Economic mobility, Maine's economy, and the unemployed

Whole Family Approach to Jobs

Augusta, Maine

May 10, 2018

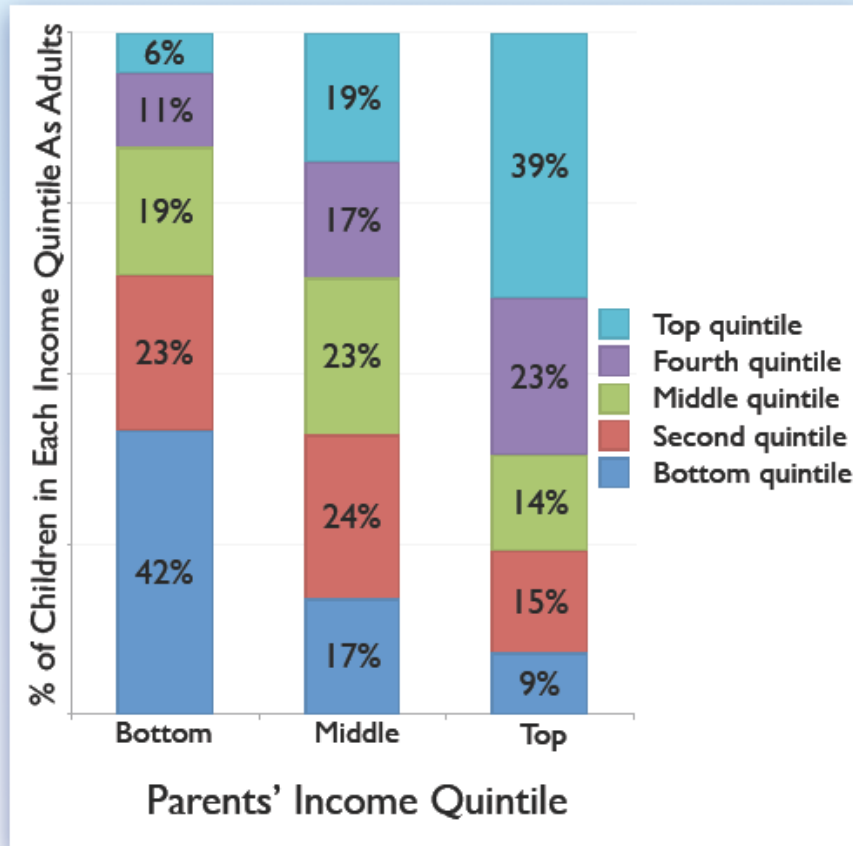
Katharine Bradbury

Federal Reserve Bank of Boston

Overview

- Mobility research lessons
- Characteristics of the unemployed and underemployed in Maine and potential barriers to employment
 - Statewide
 - By region
- Projected occupational growth in Maine
- Improving job quality and earnings

Children's Mobility Linked to Parent's Income



This figure shows the adult incomes of children with parents in the bottom, middle, and top income quintiles. There's a lot of mobility among kids born in the middle of the income distribution—roughly a fifth of those kids end up in each of the five quintiles as adults. However, **there's much more mobility "stickiness" at the top and bottom of the income distribution**, with 42% of kids born into the bottom income quintile remaining there as adults, and 39% of kids born into the top quintile remaining there as adults.

Source: This is a modified version of Figure 4 in Isaacs, Julia B. 2008. "Economic Mobility of Families Across Generations." *Getting Ahead or Losing Ground: Economic Mobility in America*. Economic Mobility Project, http://www.economicmobility.org/reports_and_research/mobility_in_america. Data: Panel Study of Income Dynamics, a nationally representative sample of families tracked since 1968.

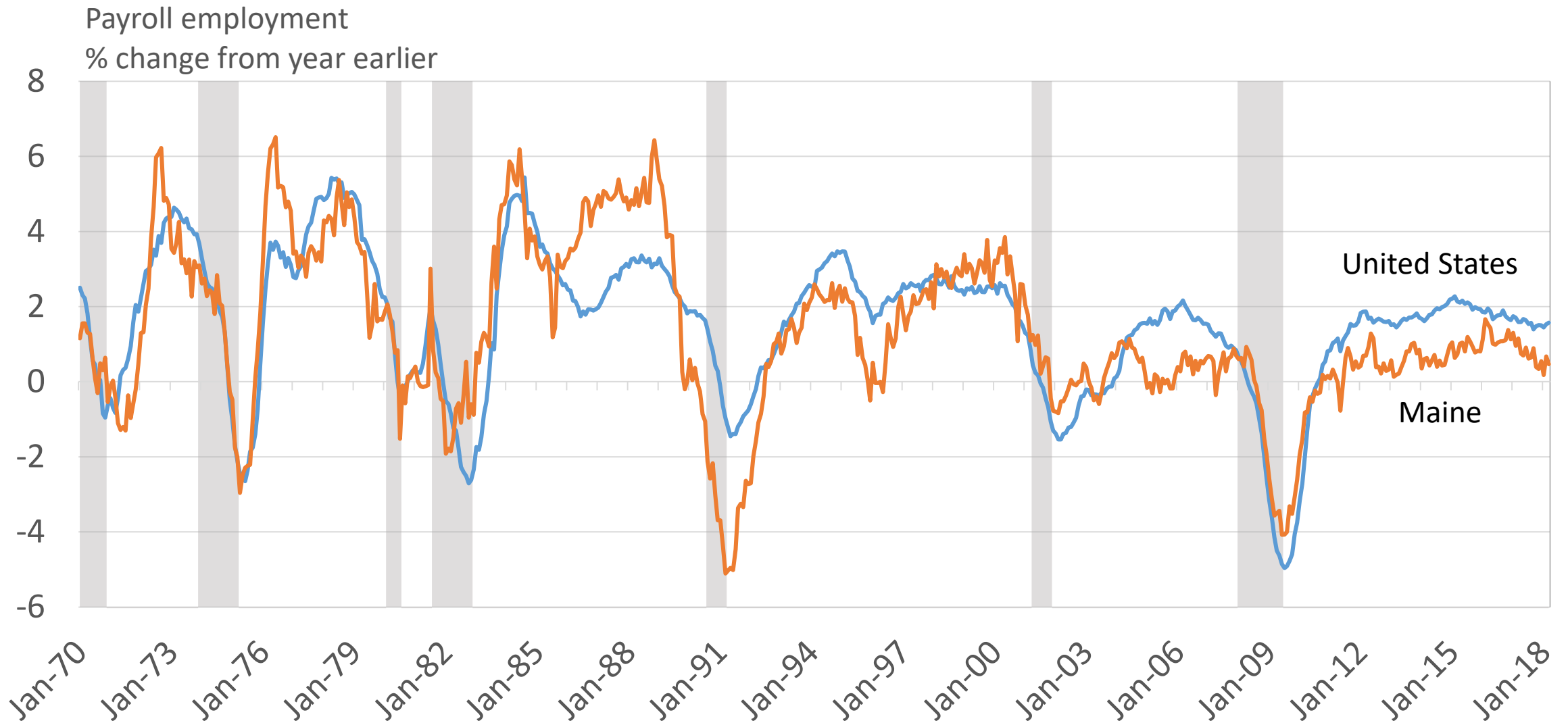
Intra-generational mobility

- 10-year family income mobility is modest
- Key factors/characteristics in moving up from the bottom
 - Beginning-of period characteristics
 - Educational attainment
 - Family type and composition
 - Employment status, work hours
 - Disability status
 - Race
 - Changes during period – obtain more education, get married, find a job, add work hours – consistent with levels

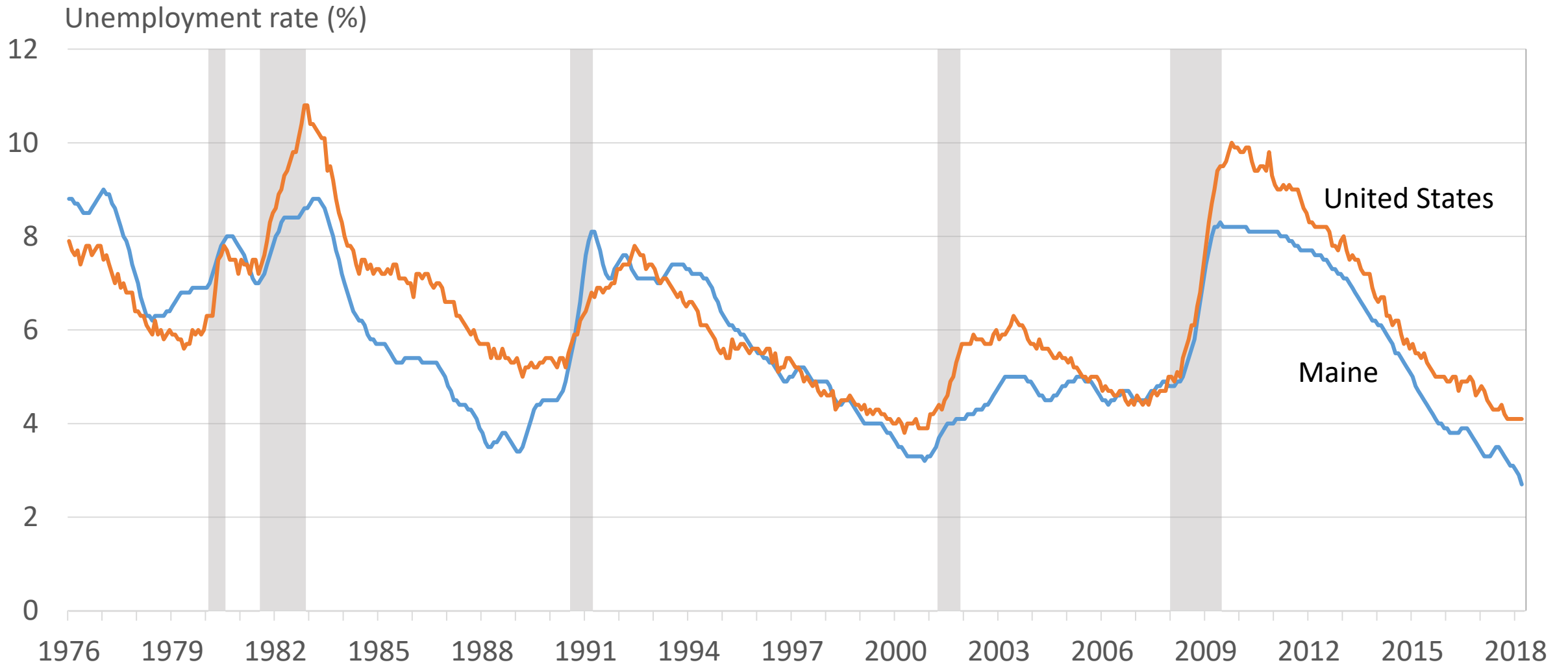
Sources:

- Gregory Acs & Seth Zimmerman. 2008. “U.S. Intragenerational Economic Mobility from 1984 to 2004: Trends and Implications” Economic Mobility Project (Pew).
- Katharine Bradbury (in process).

Employment expanding, although growth rate has slowed



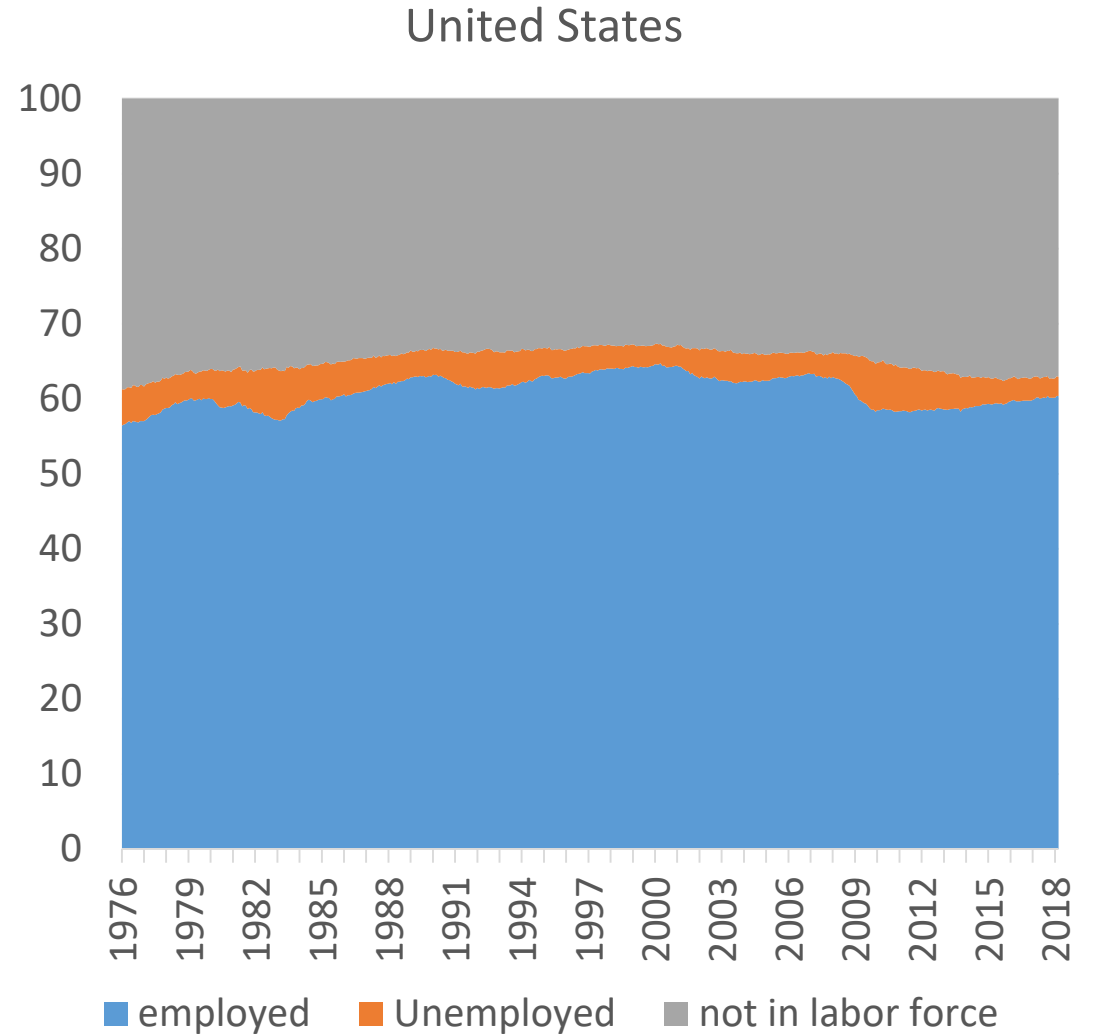
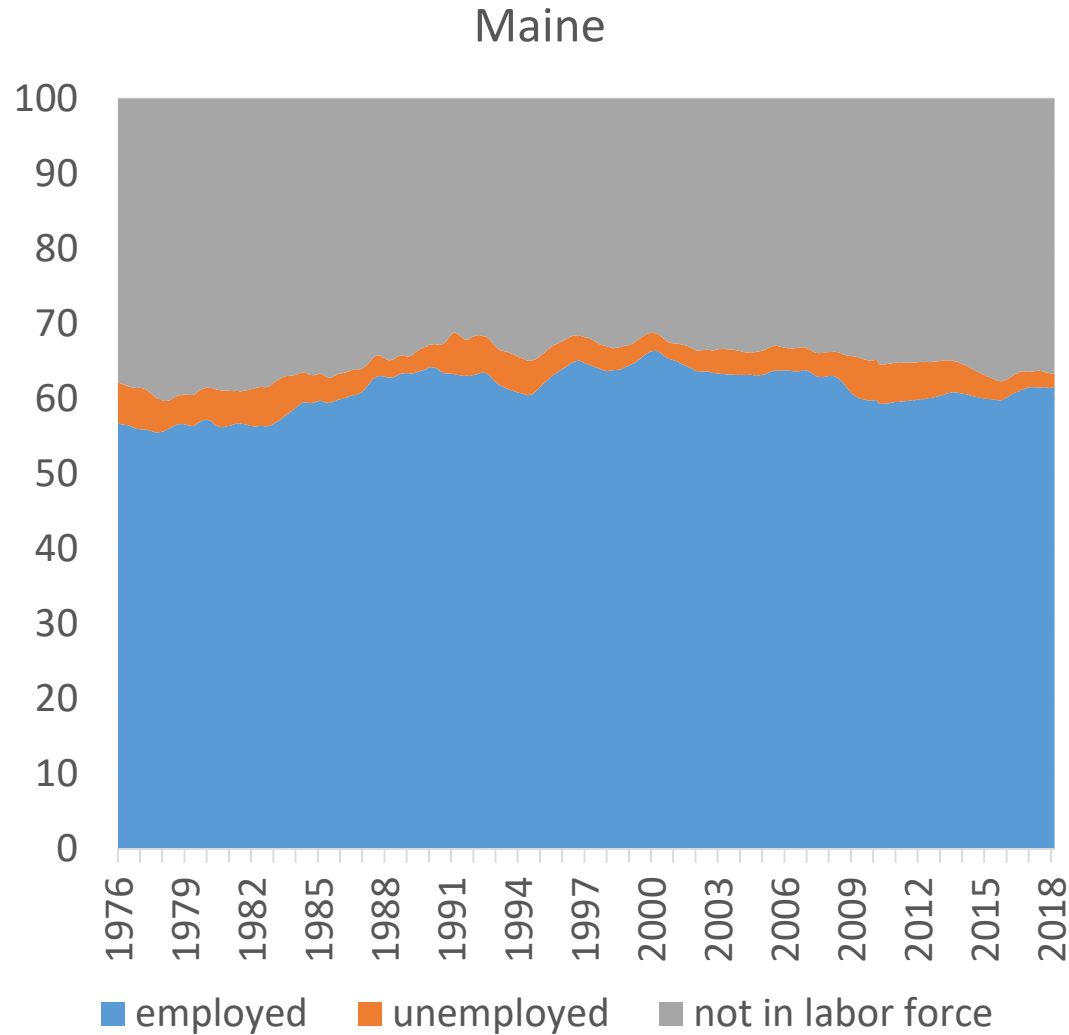
Recovery from Great Recession: Unemployment coming down since 2009



U.S. Bureau of Labor Statistics (BLS) divides civilian noninstitutional population age 16 and older into

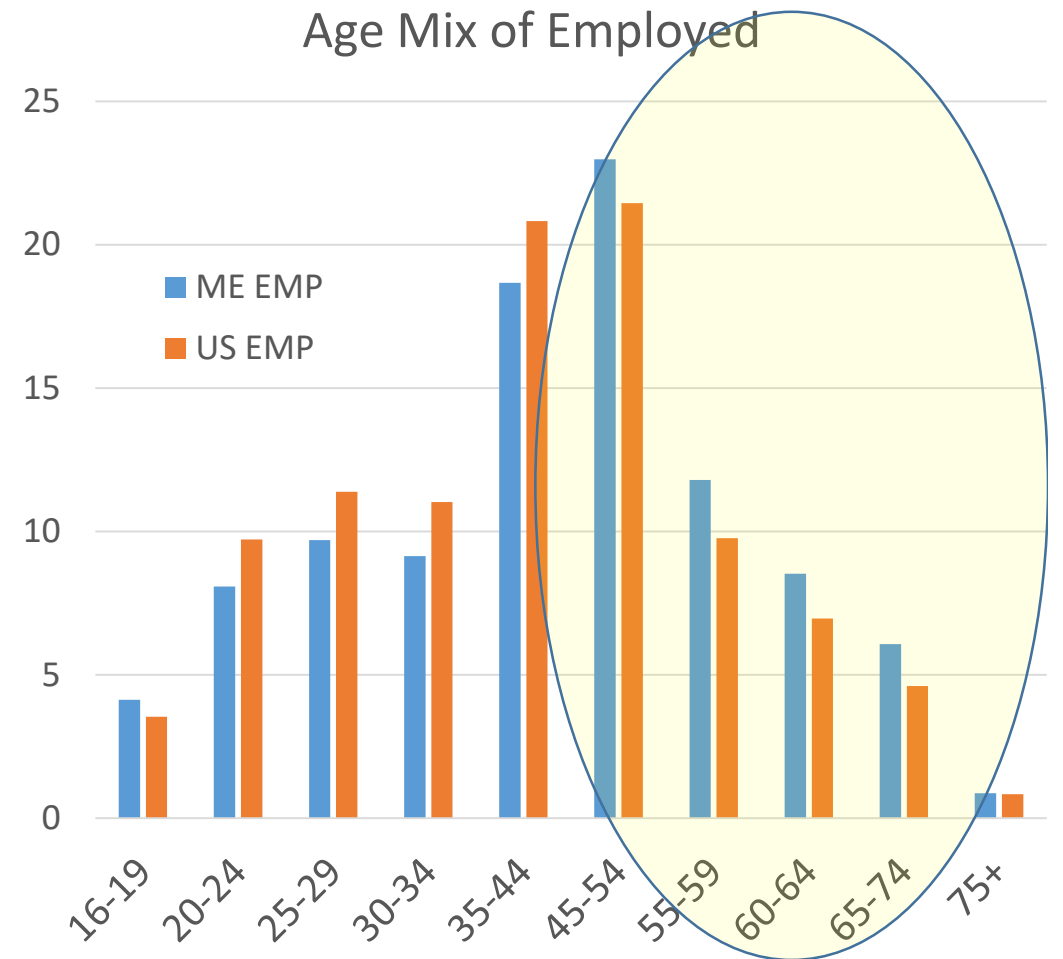
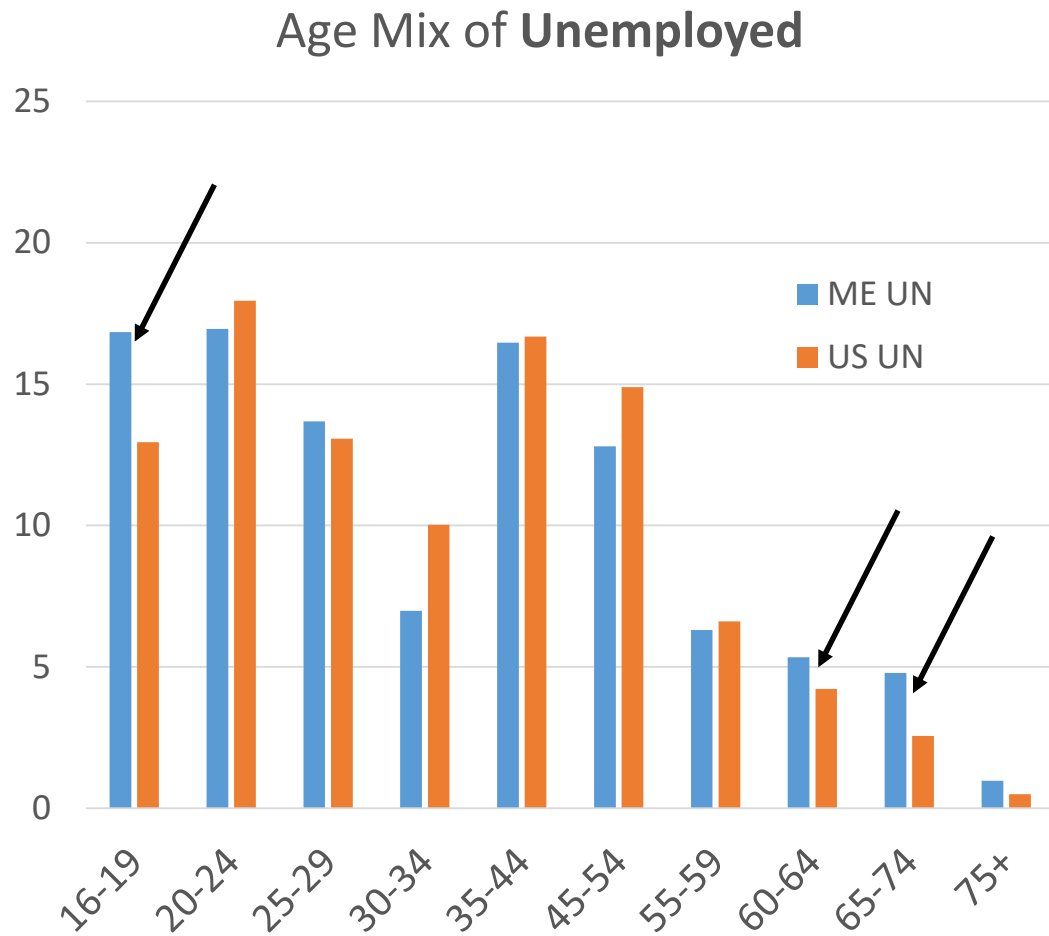
- Labor force, consisting of
 - Employed: working at a job
 - Unemployed: actively seeking work
 - *Labor force participation rate*: fraction of population age 16 and older who are working or actively seeking work (employed + unemployed)
- Not in labor force: all other civilians age 16 and older
 - Out of labor force reasons include caring for family, retirement, going to school, ill or disabled, other
 - Small fraction of out-of-labor-force would like a job.

Broad patterns very similar in Maine and United States: Employment declines and unemployment band widens in recessions



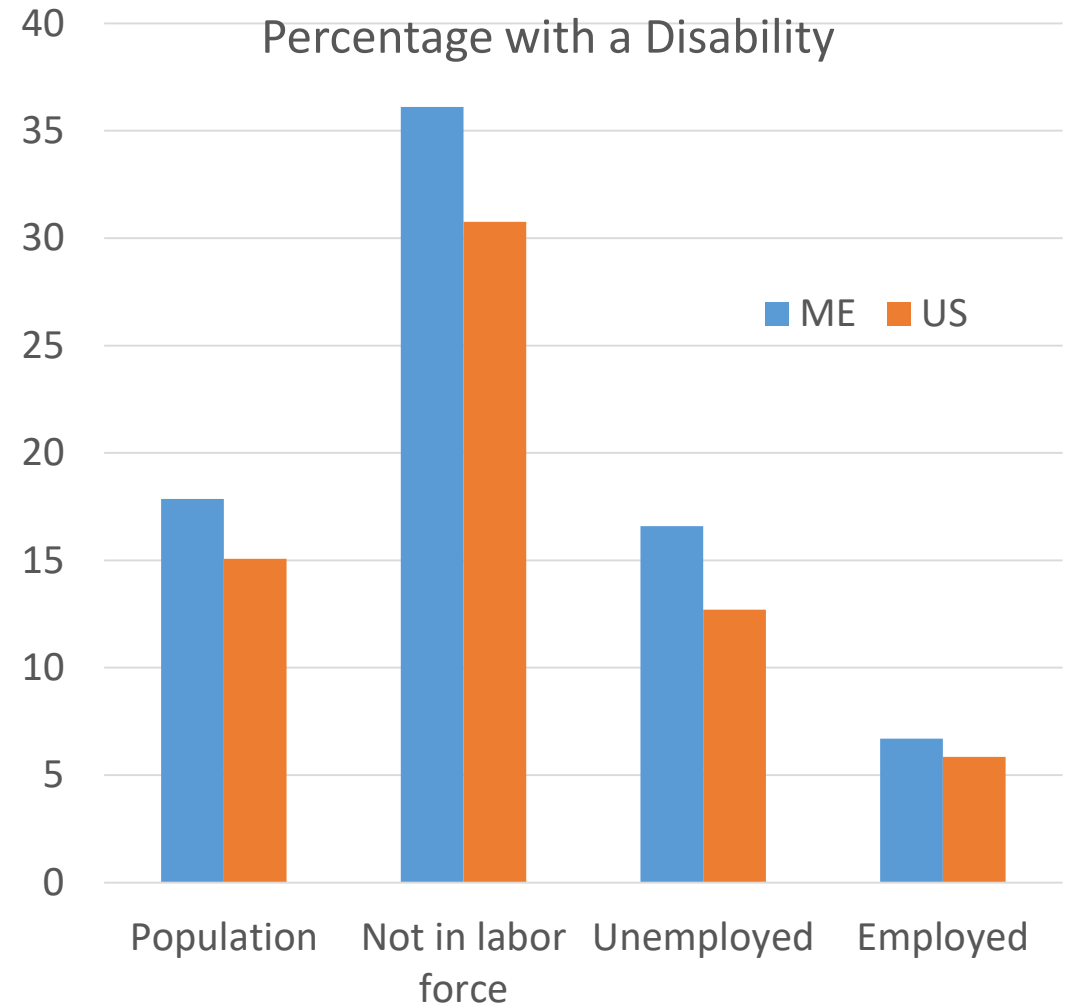
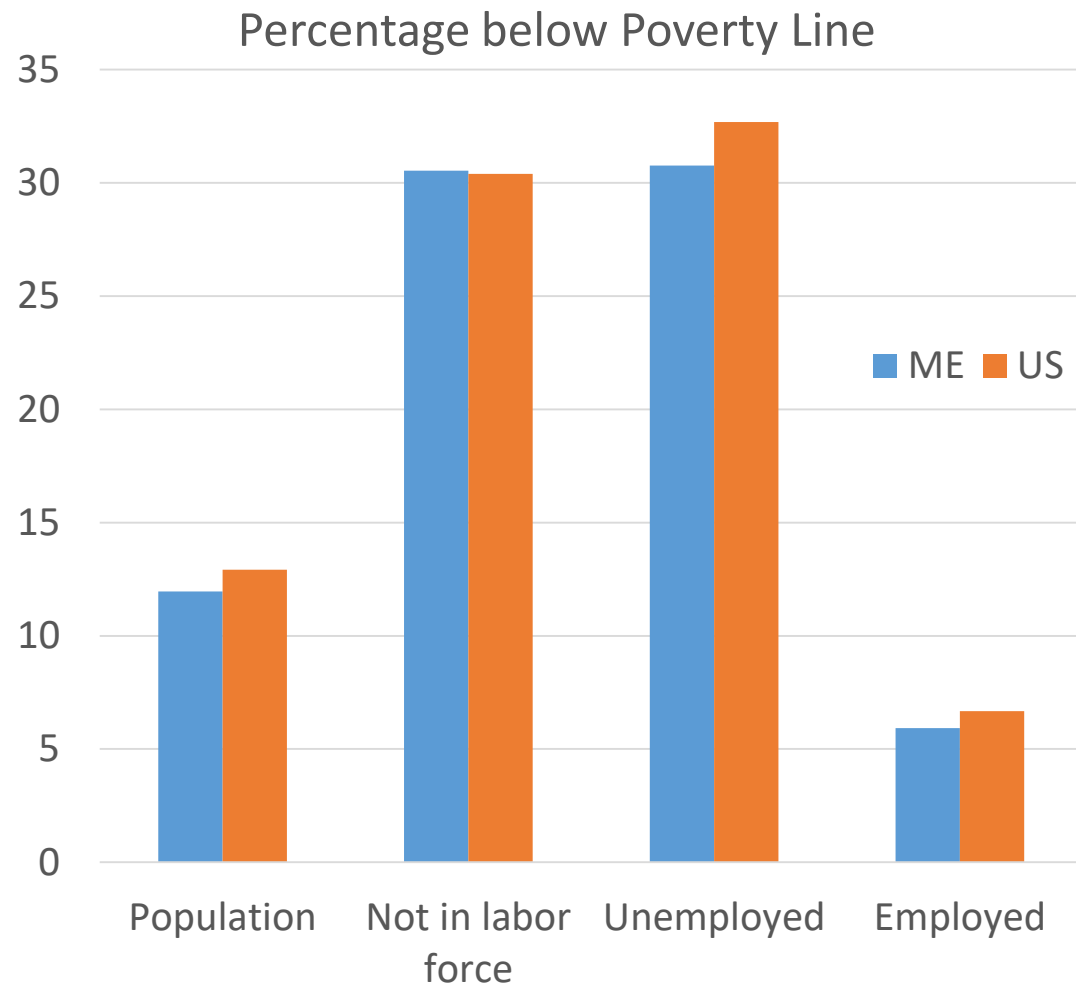
➔ Next: characteristics of unemployed in Maine

Maine unemployed more concentrated under age 20 and over 59 than nationwide; employed somewhat older (45+) in Maine



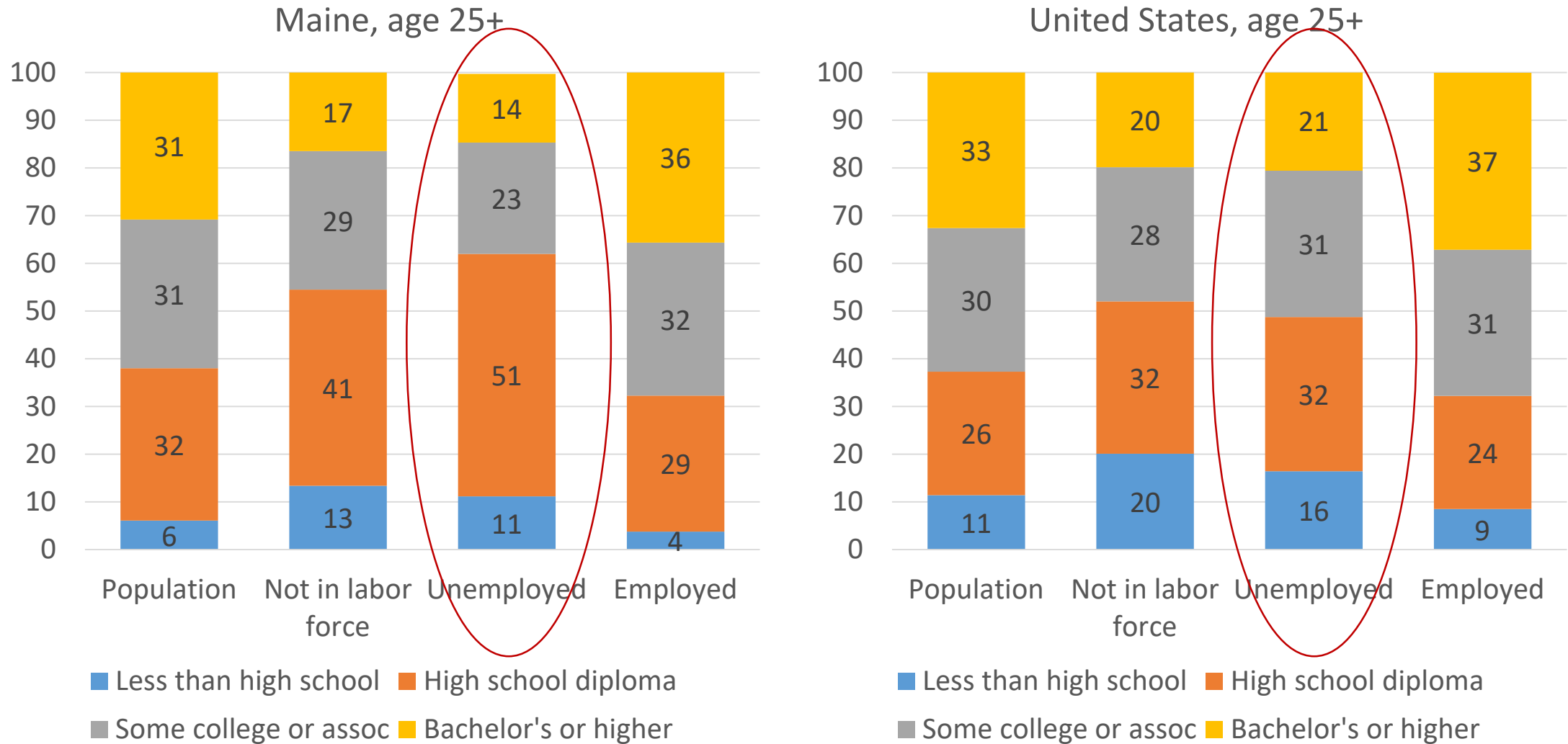
Source: U.S. Census Bureau, American Community Survey, 1-Year Estimates 2016.

Unemployed in Maine are more likely to be poor or disabled than are employed; both poor and disabled concentrated in not-in-labor-force



Source: U.S. Census Bureau, American Community Survey, 1-Year Estimates 2016.

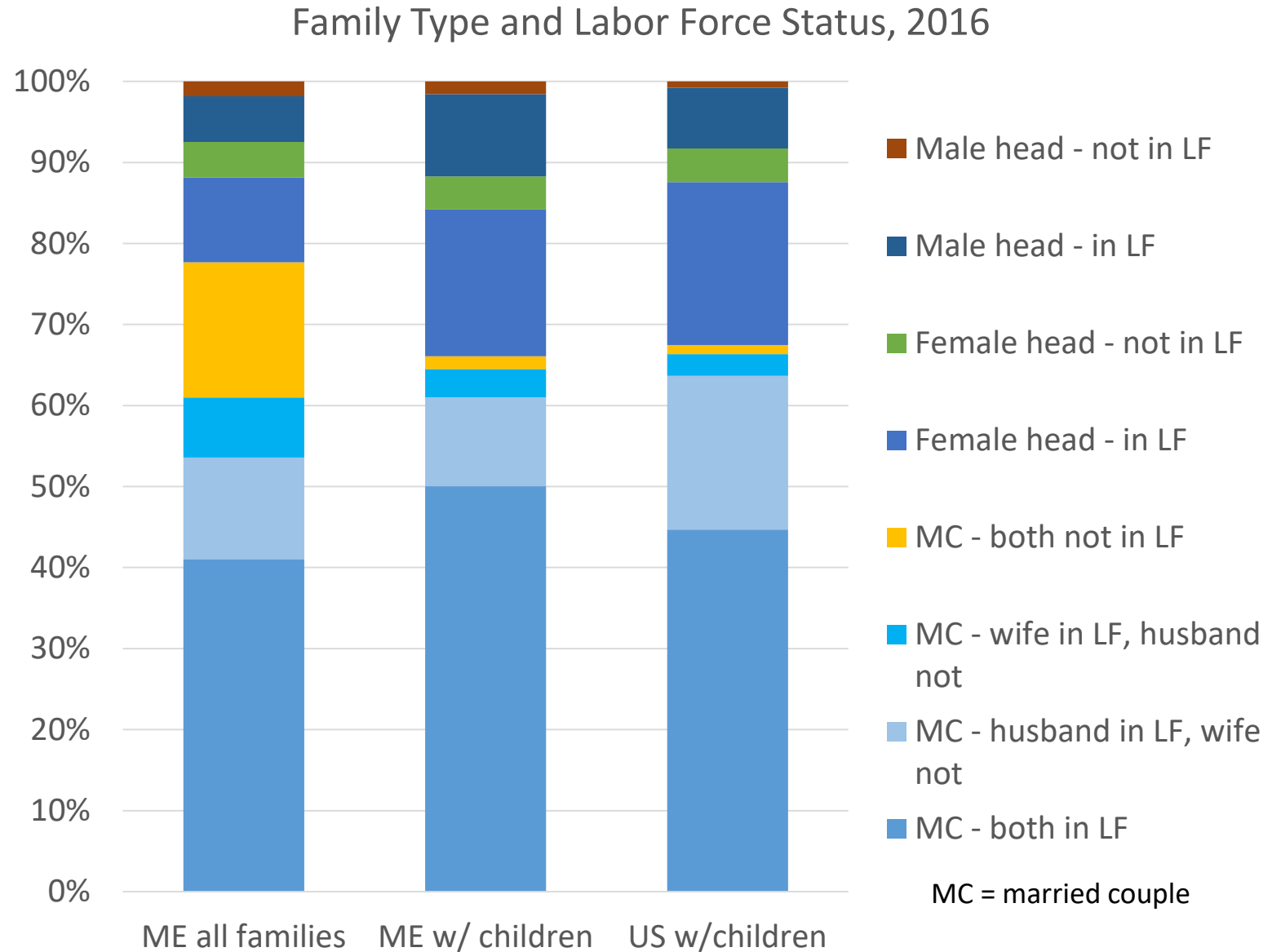
Maine's unemployed are less educated than unemployed nationwide, more with diploma, but notably fewer go beyond high school



Source: U.S. Census Bureau, American Community Survey, 1-Year Estimates 2016.

Most parents in Maine are in the labor force

- 50% of all Maine families with children are married-couple families and have both husband and wife in labor force
- Another 14% have head *OR* spouse in labor force
- Plus 28% of Maine families with children are single-head families with head in labor force



Underemployed

- “Underemployed” usually defined as those involuntarily working part-time = working part-time for economic reasons
 - Slack work
 - Cannot find a full time job
- Another category of interest is those marginally attached to the labor force:
 - Discouraged workers
 - Others marginally attached – would like a job, available for work, have searched for work in prior 12 months but not in previous 4 weeks
 - Any of these might begin active search if economic conditions improved
- BLS *counts* people in these categories at the state level, but provides no data on their characteristics.

Underemployed and marginally attached

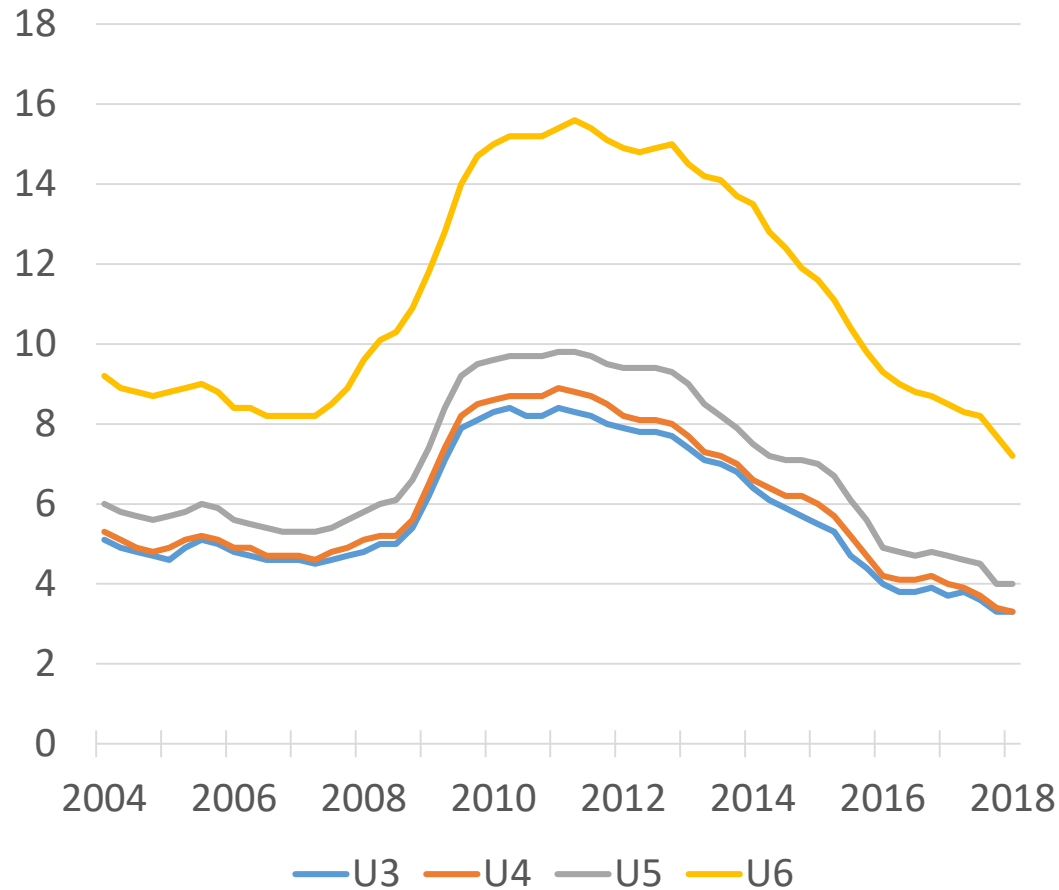
U3 standard unemployment rate

U5 all marginally attached as well

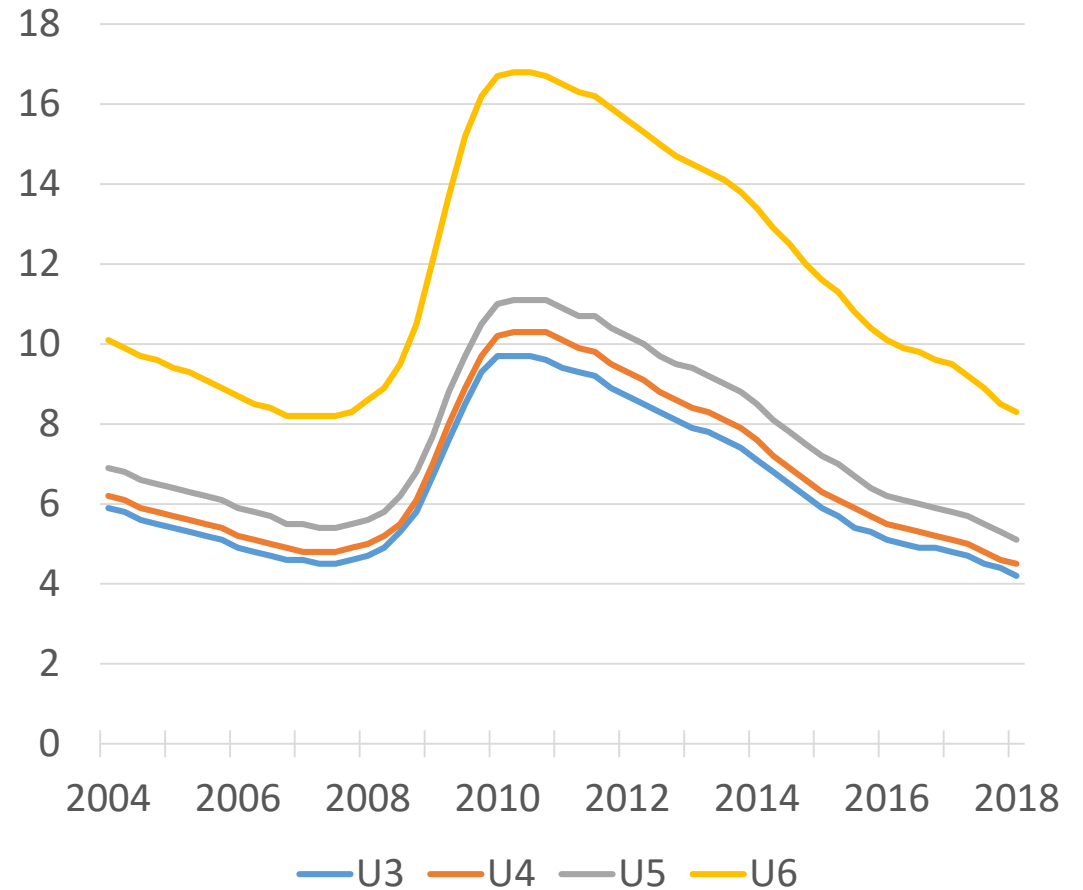
U4 = U3 plus discouraged workers

U6 adds part-time for economic reasons

Maine
12-month moving average



United States
12-month moving average



Involuntary Part-Time Workers

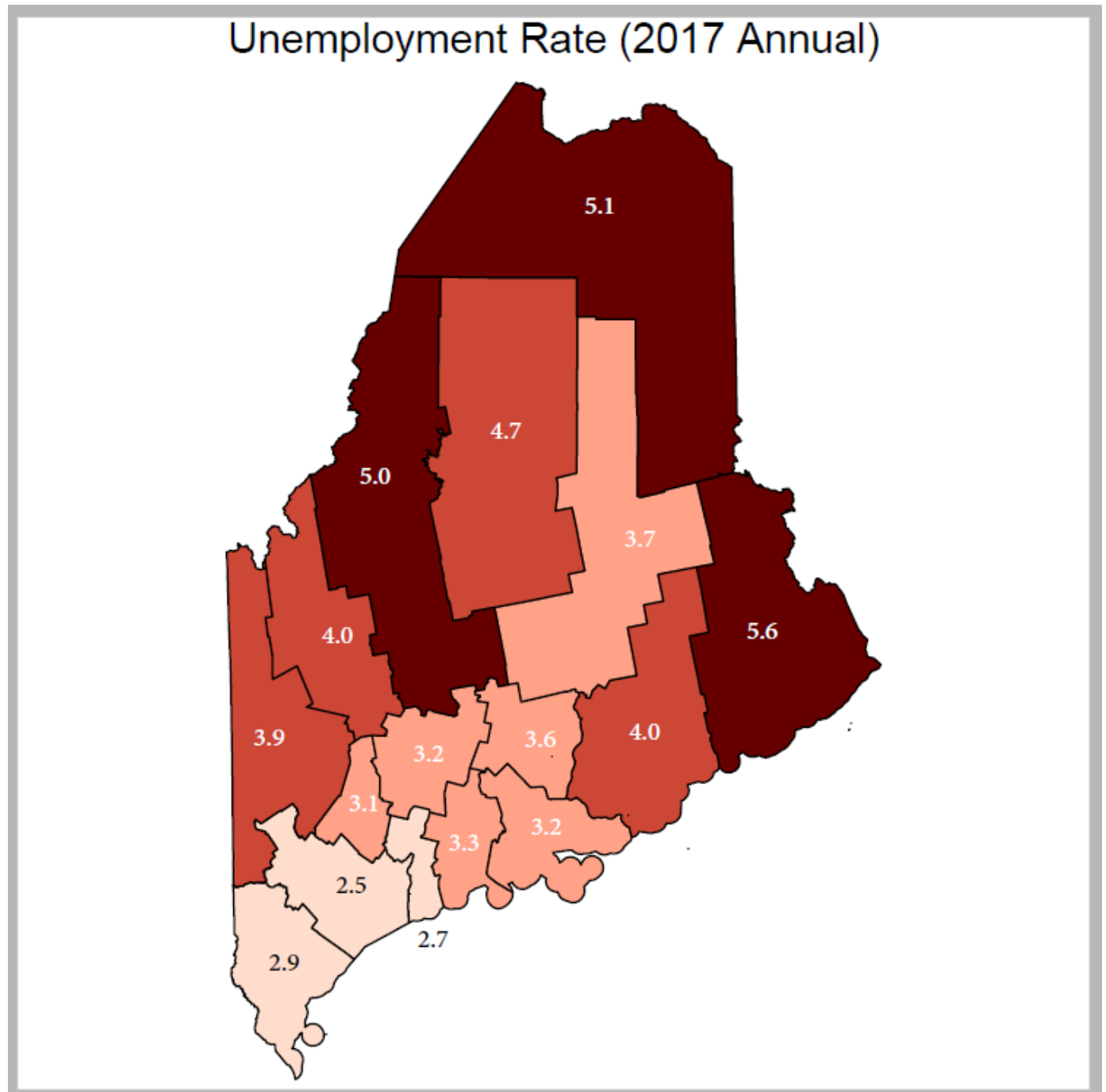
- Number of **involuntary part-time** in Maine similar to number of **unemployed**
 - Fewer unemployed now than before Great Recession
 - More involuntary part-time now than before Great Recession
- Research (nationwide data) suggests higher levels of involuntary part-time work are likely to persist because of structural changes in the economy [Rob Valletta & co-authors, FRB San Francisco]
 - Industry composition shifting toward leisure & hospitality and education & health services sectors; these sectors tend to have uneven work schedules
 - Growth in “gig” economy
- Involuntary part-time work is more prevalent among less-educated workers; hourly pay is lower for involuntary part-timers than for full-time workers in similar jobs [Rebecca Glauber, UNH]

Within Maine
geographic patterns:

Unemployment rate 2017

Annual average 2017:

- Maine rate: 3.3 %
- U.S. rate: 4.4%

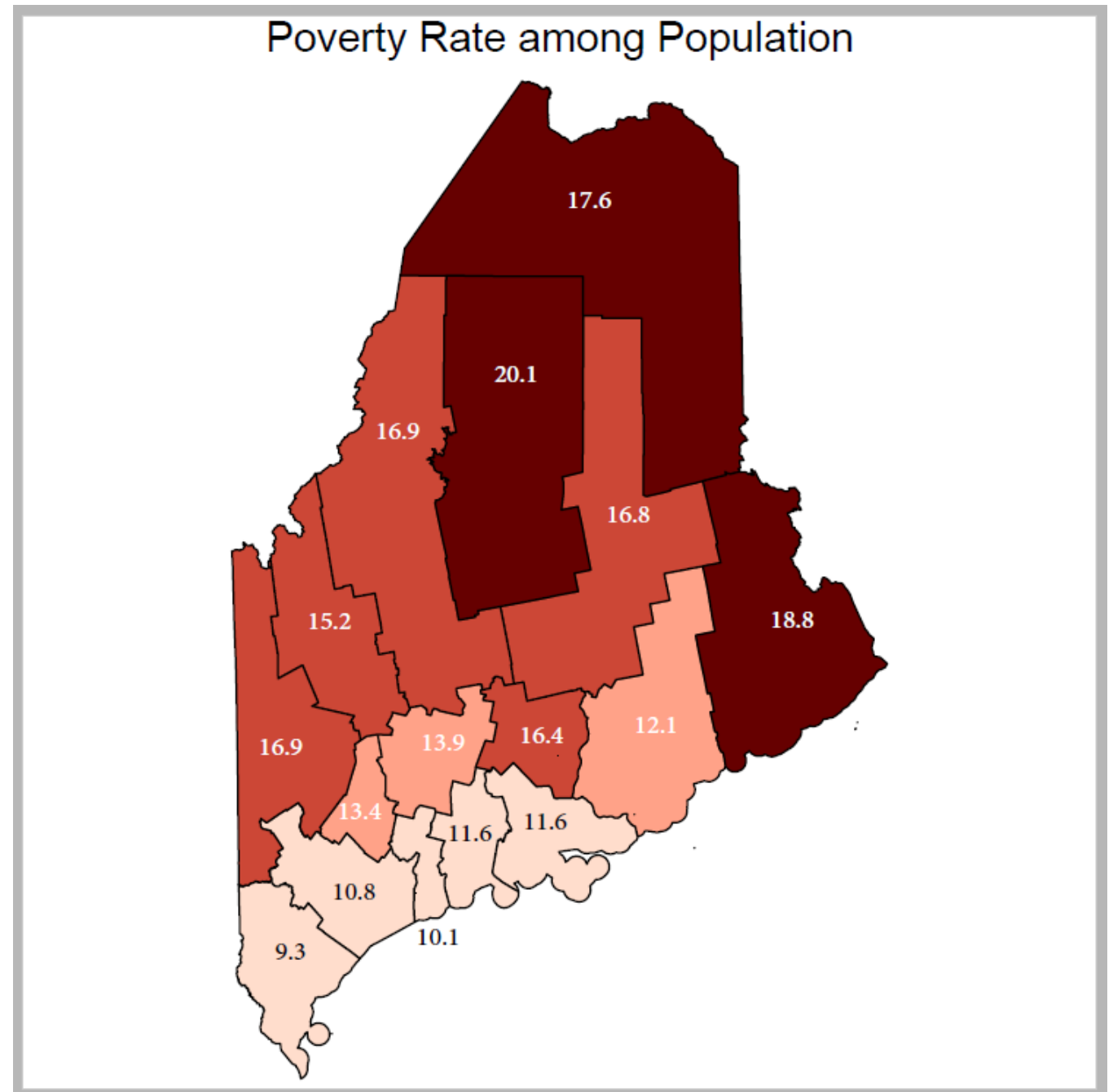


Within Maine
geographic patterns:

Poverty rate 2012-2016

Maine rate: 13.2%

U.S. rate: 13.9%



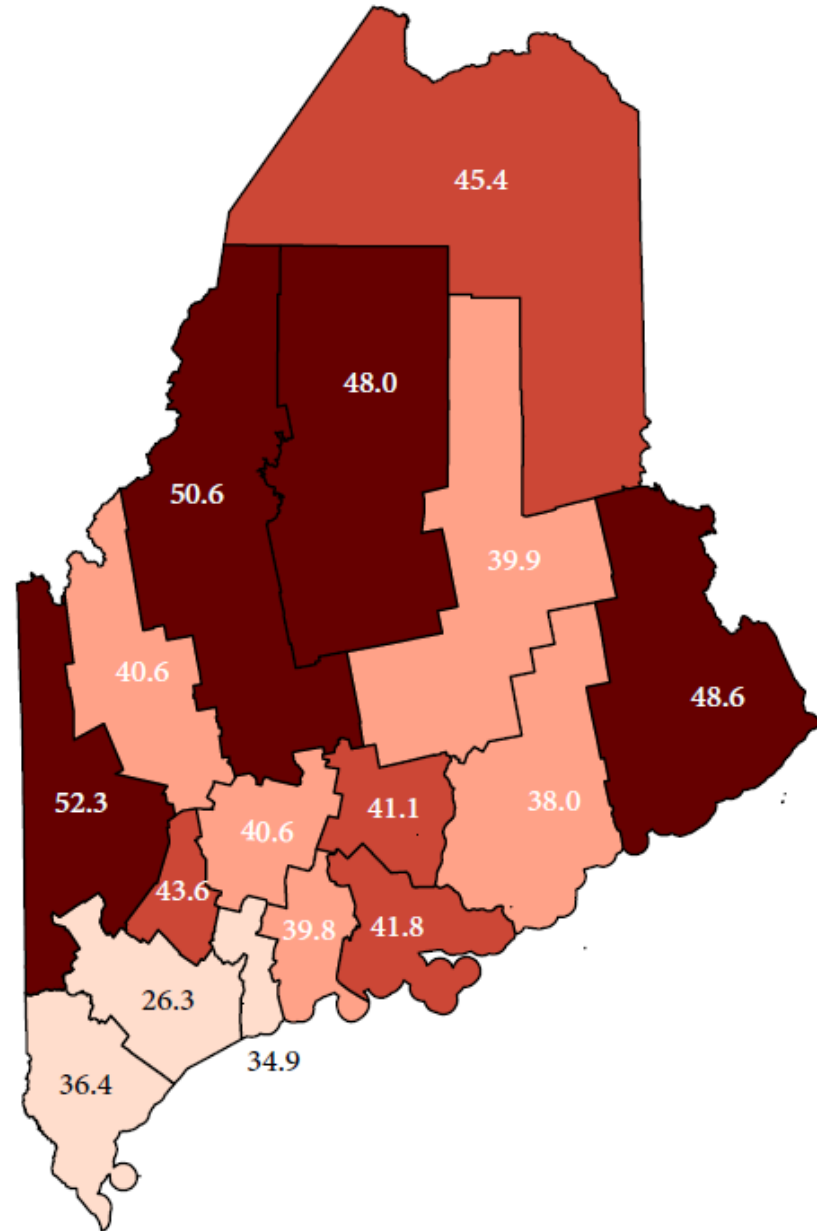
Within Maine
geographic patterns:

Percentage of
population age
25+ who did not
go beyond high
school diploma,
2012-2016

Maine: 38.1%

U.S.: 37.8%

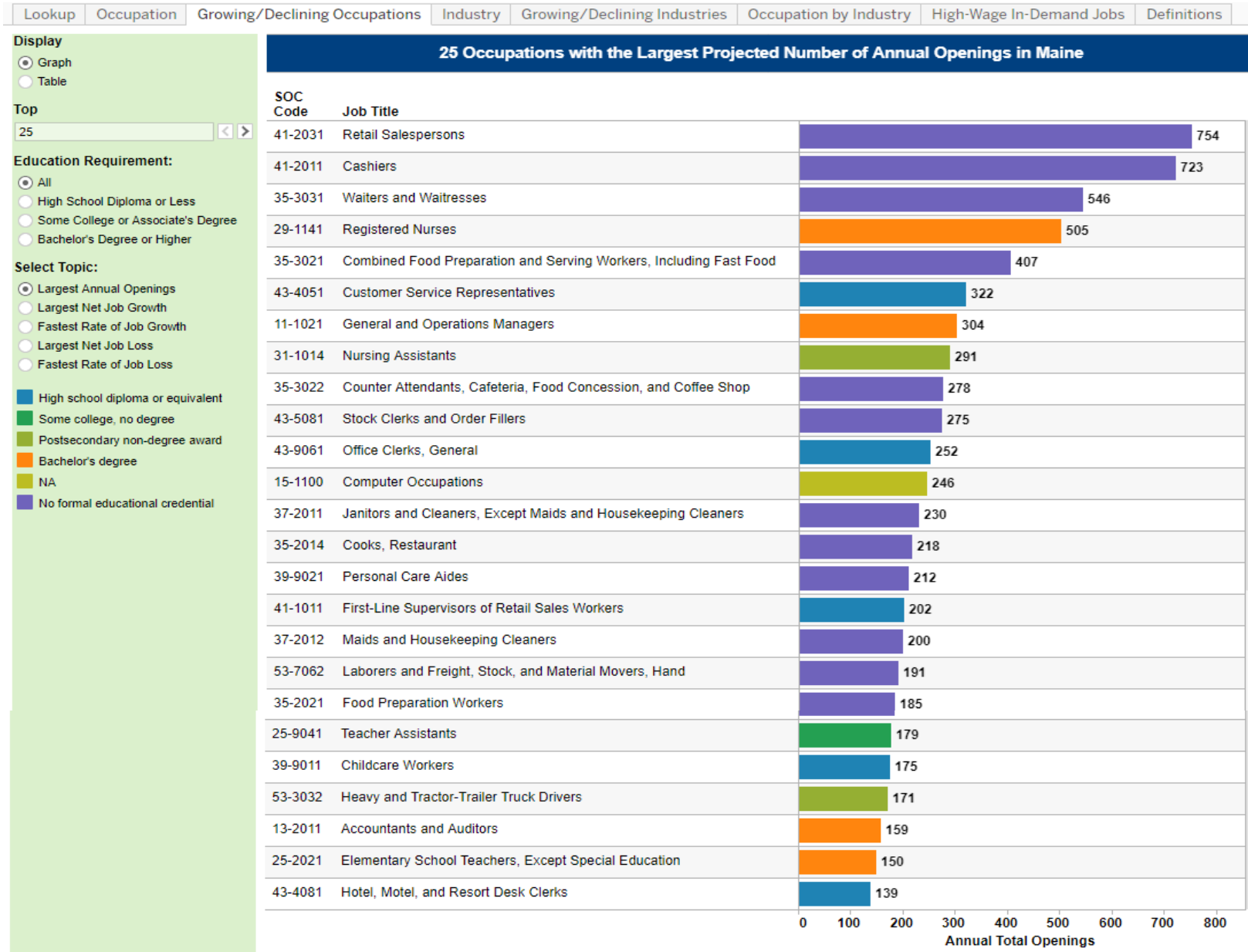
Percentage of HS or Less Among Population



Maine Occupational Projections (www.maine.gov/labor/cwri/outlook.html)

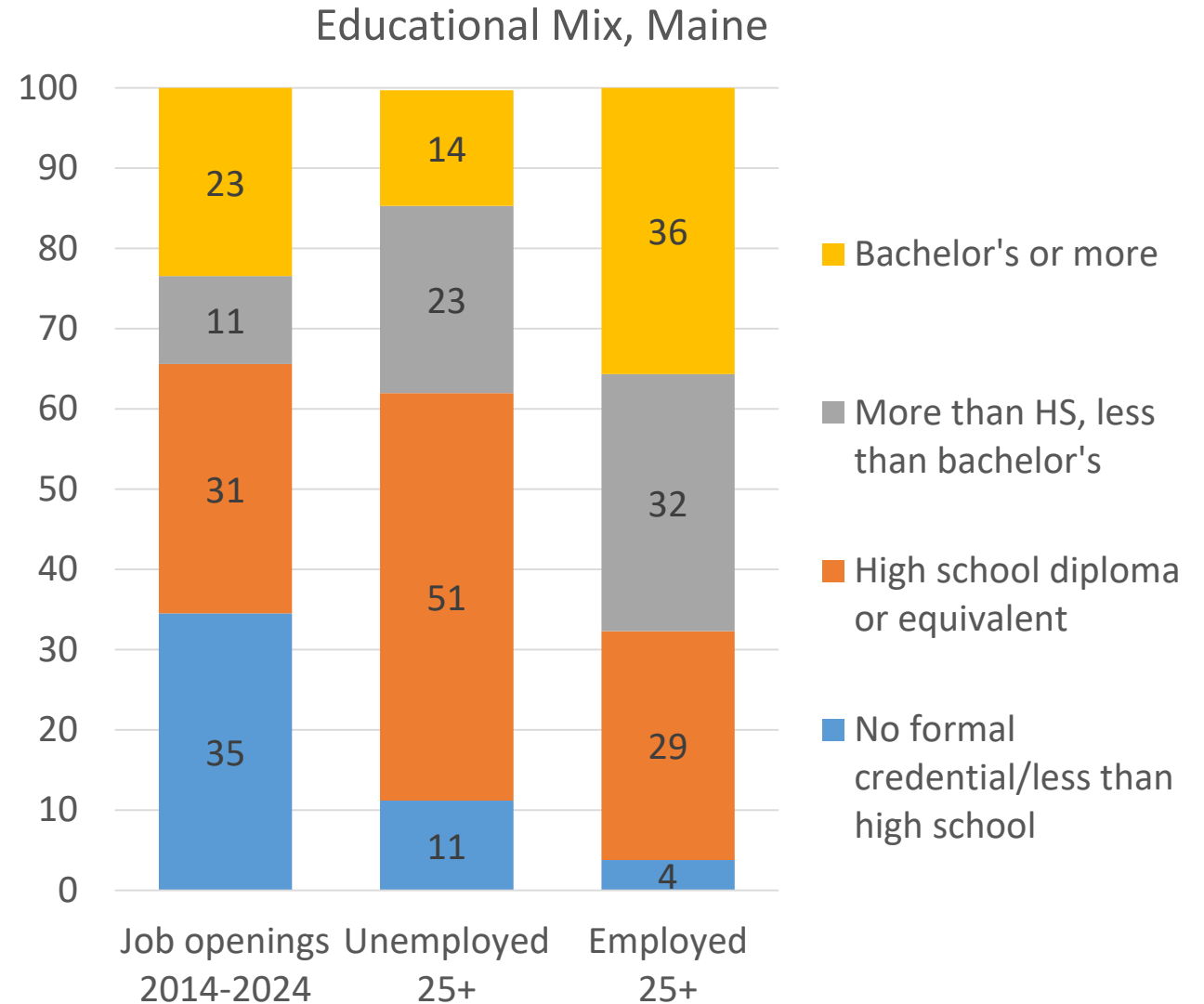
Top 25 most openings during the 2014-2024 period

- Most of these fast-growth occupations typically require no formal credential or a high school diploma
- Note also that many of these jobs are in retail, leisure & hospitality and education & health services



Education of job-growth occupations vs. unemployed in Maine

- Openings concentrated more at low end than are credentials of current unemployed
 - Most Maine low-education unemployed have high school diploma, while more than half of high-school-or-less openings require no formal education credential
 - Poor match at the bottom – Maine unemployed are overqualified for projected job openings
- Caveat: Education mix of labor force in Maine does not include ages 16-24
- Beyond high school, Maine unemployed have too little education



Job openings reflect mix of “typical education” of annual total openings, all occupations, *Maine Job Outlook*.

Sources: *Maine Job Outlook* and (for unemployed and unemployed) U.S. Census Bureau, American Community Survey, 1-Year Estimates, 2016

Improving earnings for low-wage workers

Recommendations from Harry Holzer, “Jobs for the working class: Raising earnings among non-college graduates” Brookings Institution, April 23, 2018

- Better skills: upgrade education and training of individuals
 - Supports for disadvantaged students at community colleges to enhance completion
 - Financial support and incentives for community colleges to expand capacity in areas associated with expanding jobs
 - Employer participation in training partnerships with colleges/apprentice programs
- Better jobs: encourage “high-road” employer practices
 - Moderately higher minimum wages
 - More protection for public and private collective bargaining
- Aid to depressed regions – improve job availability
- Reduce barriers to work (opioid dependence, criminal records, discrimination)
- Make work pay (minimum wage, EITC, work supports such as child care & transportation)

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