



WEST COAST POVERTY CENTER
PO Box 353055
Seattle, WA 98195-3055
(206) 616-2858

UNIVERSITY OF WASHINGTON
SCHOOL OF SOCIAL WORK • DANIEL J. EVANS SCHOOL OF PUBLIC AFFAIRS
COLLEGE OF ARTS AND SCIENCES

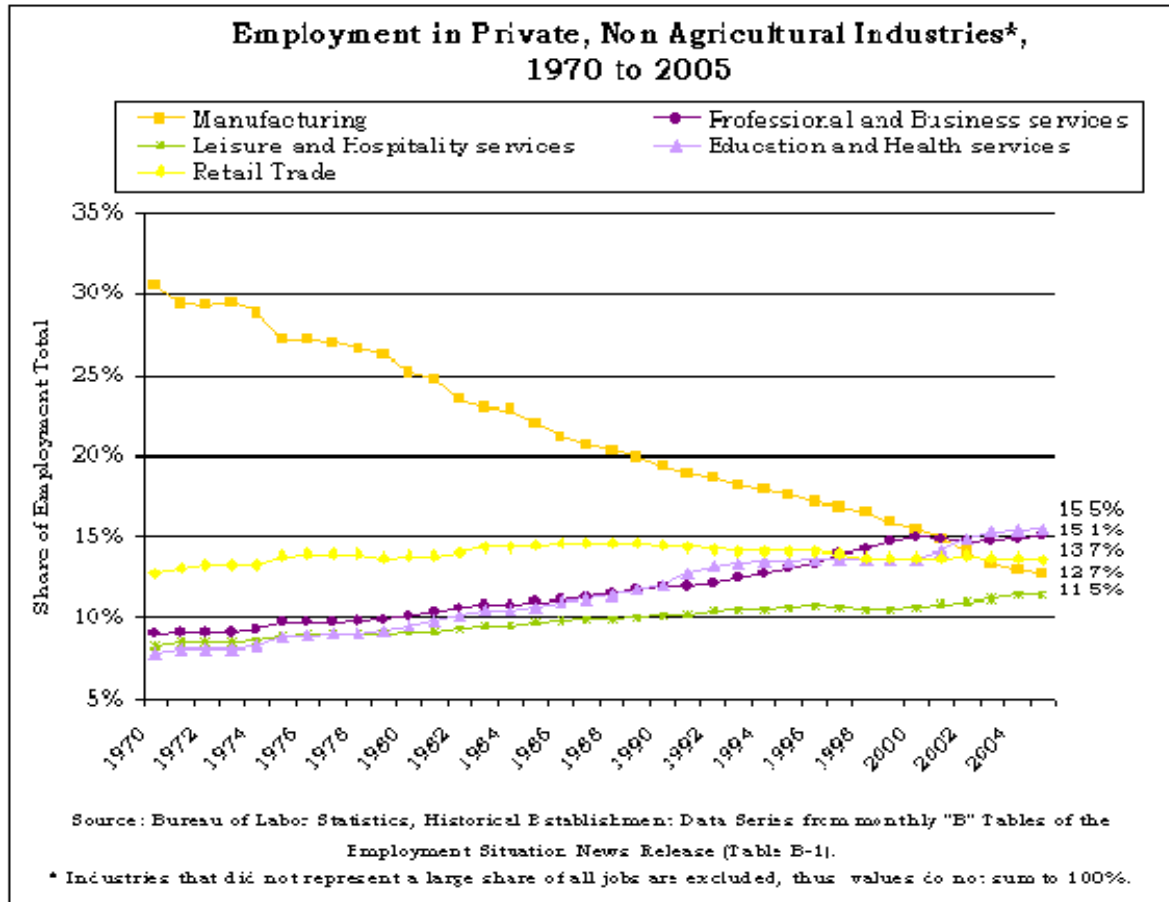
Labor Markets

[Labor Markets](#) | [Demographics](#) | [Family](#) | [Inequality](#) | [Policies & Programs](#)

Changing Labor Markets and Poverty

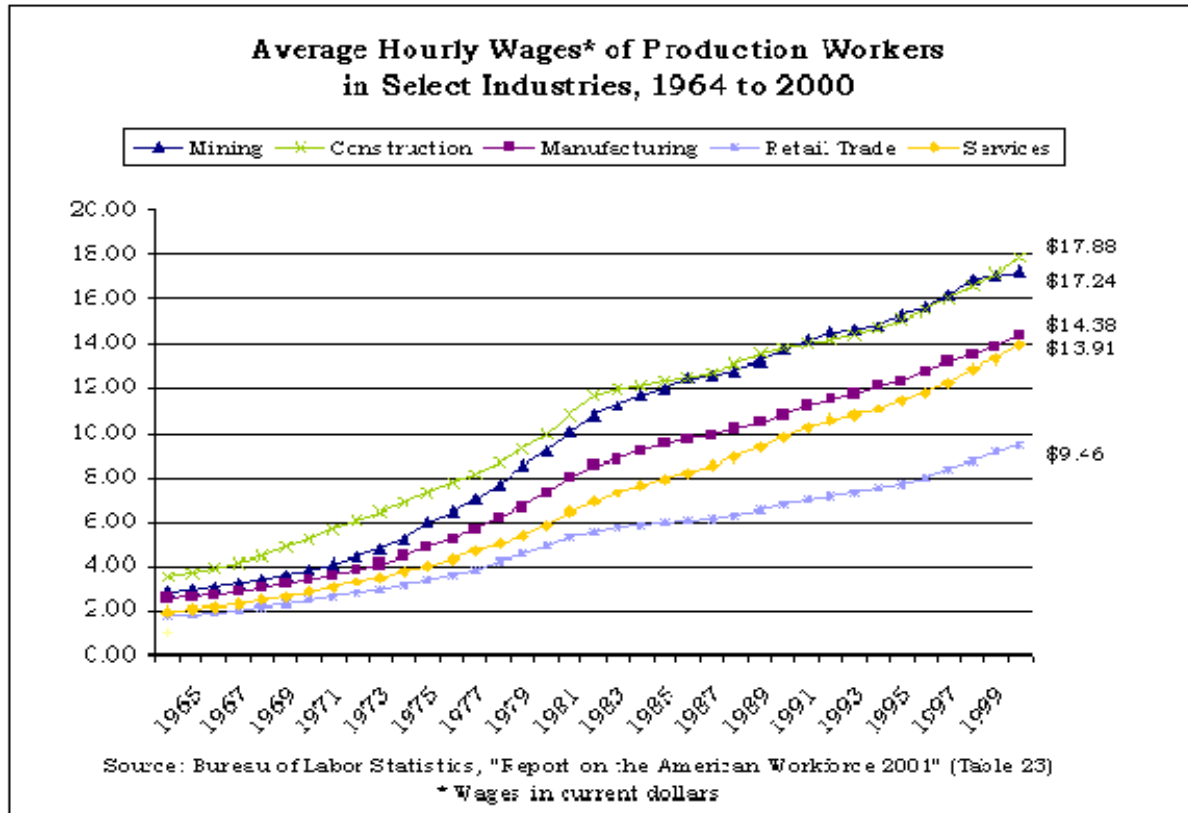
Poverty and inequality are potentially affected by many factors, including the [growing number of single parent households](#), [rapid immigration](#) that provides a large supply of low skill workers, and significant changes in the U.S. labor market. Many researchers would argue that the loss of manufacturing jobs (and corporate efforts to restructure jobs so as to minimize wage costs) over the past 30 years has contributed to increasing inequality and persistent poverty in spite of economic prosperity and rapid job growth during the 1990s. The relatively recent decline of the manufacturing sector represents a profound change in the labor market. As shown in the figure below, in 1970 nearly one third (30.6%) of all non-agricultural, private sector employment in the U.S. was in manufacturing – representing the largest share of such jobs in the country at that time. But by 2005, only 12.7% of non- agricultural, private sector jobs were in manufacturing. Over the same period, the service industry gained in employment share, with substantial increases in the professional and business services, education and health services, and leisure and hospitality services. By 2005, these three sectors of the service industry accounted for 42.1% of private, non agricultural jobs.

- [Link to data in Microsoft EXCEL file](#)



Changes in the distribution of jobs were largely the result of increases in manufacturing productivity caused by technological advances, shifts to offshore production, and increased demand for both low and high skill services. While many service sector jobs employ well-educated employees and pay high wages, many others do not. As shown in the figure below, hourly wages for production positions in manufacturing have historically exceeded wages for non supervisory service jobs.

- [Link to data in Microsoft EXCEL file](#)
- [Link to reference document](#)

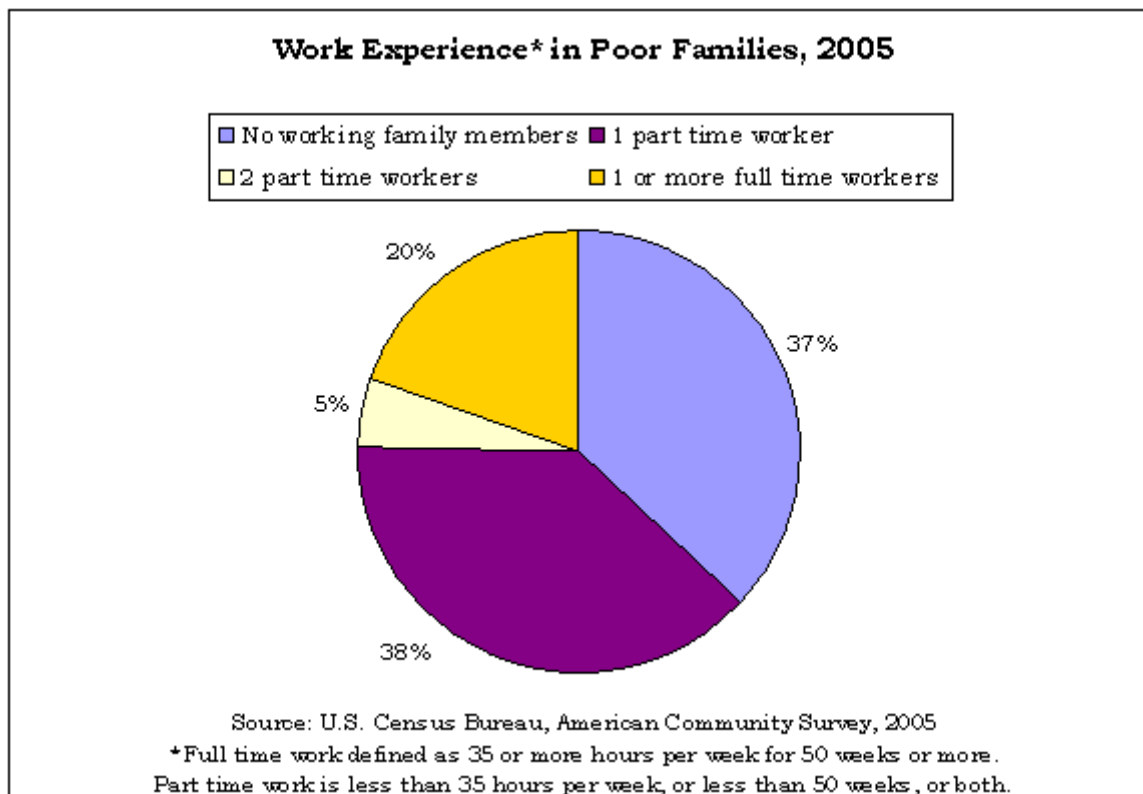


Bureau of Labor Statistics projections for the future (through 2014) suggest that earnings inequality is likely to increase as job growth is concentrated in professional occupations that pay fairly well (computer and math sciences, law, health care, education, and architecture, among others) and in service occupations that generally pay poorly (such as food preparation and serving, health care support, personal care, building and grounds cleaning and maintenance, and protective service). These two sectors are projected to increase by 21% and 19%, respectively, compared with 13% overall job growth. Job loss is expected to continue through 2014 in production occupations, with an anticipated job loss of -0.7% and in the farming, fishing and forestry occupations, with projected job loss of -1.3% (BLS, 2005, "Occupational Employment Projections to 2014").

How Many Poor Families Have Working Members?

The term “working poor” is commonly used among researchers, community organizations and the media. The U.S. Census Bureau does not have a definition of ‘working poor’, since there are many ways to define "working". Census data can nonetheless provide an idea of the extent to which families living below the poverty line have working family members. As shown in the pie chart below, fully 63% of poor families had at least one working family member in 2005, and in one out of five poor families (20.0%), the worker (or workers) were employed full time.

- [Link to data in Microsoft EXCEL file](#)
- [Link to reference document](#)



Poverty and the Federal Minimum Wage

To the extent that the working poor are in jobs that pay the federal minimum wage, it has become increasingly difficult for them to rise above the official poverty line (although this varies with the number of other persons, if any, in their family and the incomes of those persons). The figure below shows how minimum wage workers have fared over the past 25 years. Whereas a minimum wage worker working year round, full-time was earning about 77% of the poverty threshold for a family of four in 1980, such a worker in 2005 is earning just 54% of that threshold, or about \$10,715 annually. This decline has occurred because the poverty thresholds are adjusted annually for inflation using the Consumer Price Index, but the federal minimum wage is not and has remained at \$5.15 per hour since September, 1997.

- [Link to data in Microsoft EXCEL file](#)

