

7 Million Americans Can't Escape 'Dead End' Jobs

The economy looks good on the surface. Jobs are added every month. The unemployment rate trickles down. People are even spending more.

A closer look shows a much different picture. Nearly seven million people are stuck in unwanted, part-time jobs—about 50 percent more than when the recession began. By comparison, the number of unemployed workers is only 20 percent higher over the same time.

These so-called involuntary part-time workers represent one of the economy's largest problems and exemplify its painfully slow recovery.

Involuntary part-time workers are five times more likely to live in poverty than full-time workers. About half of these part-time workers—3.5 million—hover right above the poverty line. That's an annual income of \$36,000 for a family of four. Many part-timers do not have health insurance, research shows.

"It is unemployment, but it is hidden unemployment that doesn't get counted by the official figure," says Chris Tilly, an economics professor at UCLA who researched involuntary part-time. "We're still not in a very robust economy."

Retail businesses and restaurants have a high concentration of part-time jobs and also account for a significant portion of the nation's job growth during the recovery. In the past 12 months, this sector added over a quarter million jobs, well ahead of other industries like healthcare and manufacturing. About 25 percent of the nation's job growth since 2010 has come from retail and restaurants, according to Labor Department data.

In past recessions, involuntary part-time workers spiked up in numbers, and then quickly fell down. That's not happening in this recovery. Part-time workers doubled during the recession and they have remained stubbornly high.

The high level of workers unable to find full-time jobs creates labor market slack, which benefits employers. With pent up demand for work, many employers are opting to keep more workers part-time now than in past years, avoiding costs like healthcare and benefits, experts say. In other words, they're in the drivers' seat.

"Businesses keep people part-time longer, they keep temps a little longer, when you're going into recovery," says Tilly. "Each recovery has tended to move more in this direction."

And simply, the recovery has been slow, economists lament.

Unemployment and part-time work have a historically strong correlation. When one goes up, so does the other. Almost 30 percent of involuntary part-time workers—over 2 million—are unemployed for three months or longer within a year, according to a study by Rebecca Glauber, a professor at the University of New Hampshire.

Although the unemployment rate has dropped quickly this year, the involuntary part-time rate has lagged behind, dropping more slowly.

Even as the national number of part-timers declines, they are actually increasing in some states, including Texas, Florida and New York, according to an analysis of Labor Department data. Although the number of part-timers is 50% higher now than when the recession began, it is 100 percent higher in some states, including New Jersey, Arizona and Massachusetts.

There is concern that these jobs are not going away: the U.S. economy could have a permanently higher amount of involuntary part-time jobs than before the recession.

While involuntary part-time has dropped, its tepid decline may signify a structural change to the labor market, economists say. The hard part is determining how much of the part-time problem is temporary—some workers will find full-time employment—and how much is permanent.

“We still see a lot of involuntary part-time workers,” says Robert Valletta, an economist at the Federal Reserve Bank of San Francisco. “I don’t think there are any good answers to the question of whether it’s a structural issue... versus being a purely cyclical issue.”

Although the economic debate may never be clear, the punishing effects of part-time work on Americans are obvious. Beyond struggling finances, periods of unemployment and high rates of poverty, these workers express little confidence in their future. Many must confront an often-heard perception that part-timers are lazy and incompetent, workers say.

"They're extremely economically vulnerable," says Glauber. "There's a real worry about those who are employed in relatively low quality, part-time positions."

Paige Stevenson is caught in the part-time job trap. She started working six months ago as a legal assistant for 30 hours a week in Annapolis, Maryland. She continues to look for full-time employment.

Stevenson accepted her current position as a "stop-gap" measure because she had been unemployed for a while and wanted to get back into the workforce any way she could. She earns \$15 an hour and receives no benefits, but her husband's technician job provides health care for the family.

After taking into account daycare for her 4-year old son, a home mortgage and the cost of living near Washington D.C., she is in debt.

"When you're dealing with part-time jobs, they're basically dead ends," Stevenson, 32, says, "Employers, at least around here, have been asking for the moon and paying zero."

Like Stevenson, many part-timers go through periods without a job. Almost 30 percent of involuntary part-time workers are unemployed for three months or longer within a year, according to Glauber's study. While workers' often move between part-time and unemployment, moving from part-time to full-time is near historic lows.

In normal economic times, about 45 percent of involuntary part-timers obtain full-time work within a year. Since the recession, that percentage, called the transition rate, has not budged above 40 percent, and now it is near 38 percent.

Those numbers may sound close, but consider unemployment rates: 10 percent unemployment—the height of the recession—is a lot worse than 3 percent unemployment, which would describe a thriving economy. The same consideration is true for the transition rate.

"The fact that the transition rate from part time to full time is so low, and whether it's going to permanently remain lower, that's a matter of some concern," says Thomas Cooley, the former dean and a professor at NYU's Stern School of Business.

Meghan Brachle wants to transition to a full-time job badly. She applies to them every week while she cobbles together 60 hours a week between three part-time jobs in Cutler Bay, Florida, a suburb of Miami. Brachle, 33, is a substitute teacher, an administrative assistant at a non-profit and a cashier at Whole Foods. She has no health insurance.

Whole Foods offers part-time employees a health insurance plan that costs about \$200 a month, Brachle says. Working roughly 29 hours a week at \$11 an hour, Whole Foods' healthcare would cost 15 percent of Brachle's annual income there. Under Obamacare, coverage is considered unaffordable if it's more than 8 percent of one's annual household income.

"If somebody is going to invest their life in a company," even part-time, says Brachle, "you still should deserve benefits and know that your employer will take care of you."

Whole Foods did not return a request for comment.

Many part-timers in retail like Brachle cannot afford healthcare, which is the most politically charged aspect of this economic dilemma.

The Affordable Care Act, or Obamacare, will require employers to provide health insurance to employees working 30 or more hours a week starting in January. Critics of the mandate say it will reinforce the already-high labor market slack, giving employers further reason to hire more part-time than full-time.

All seven economists interviewed for this story who study part-time employment stress that the healthcare mandate will not greatly increase the number of involuntary part-time workers across the country. The debate will not be resolved until the mandate takes effect.

Still, many large retailers, including Target, Home Depot and Walmart, have already announced they will not provide health insurance to their part-time employees working under 30 hours. That will affect almost 30,000 Walmart employees, or “associates.”

The lack of healthcare adds to these workers’ mounting problems. Some are angry and pessimistic about finding full-time work. They do not see their part-time position as a springboard for success.

Michael Hockenbarger works at a game store and as a janitor in Topeka, Kansas. The only hours he can get are at night and weekends. He hasn’t seen his friends in months. He lives with his parents

While he wants to eat healthy, Hockenbarger is often stuck between buying food or gas. Gas wins, and fast food is often his only affordable choice. Hockenbarger, 25, is worried about his weight and health. Neither employer offers him 30 hours a week or insurance.

“It’s depressing,” Hockenbarger says. He later added: “The people like me are living paycheck to paycheck, day to day. We’re not getting any better. We’re getting worse.”

But by almost all measures, the economy is improving. Involuntary part-time is down significantly from its peak in March 2010. The economy is in the midst of its best year of job growth since 1999. Unemployment has dropped from 7 percent a year ago to 5.8 percent.

Still, the undeniably high level of involuntary part-time illustrates the severity of the recession and warrants concern, economists say. They are not economic outliers. If anything, part-timers represent the narrative of the recovery: it remains too slow for millions of Americans.

