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New Job Means Lower Wages for Many

By **MICHAEL LUO**

Correction Appended

After being out of work for more than a year, Donna Ings, 47, finally landed a job in February as a home health aide with a company in Lexington, Mass., earning about \$10 an hour.

Chelsea Nelson, 21, started two weeks ago as a waitress at a truck stop in Mountainburg, Ark., making around \$7 or \$8 an hour, depending on tips, ending a lengthy job search that took her young family to California and back.

Both are ostensibly economic success stories, people who were able to find work in a difficult labor market. Ms. Ings's employer, [Home Instead Senior Care](#), a company with franchises across the country, has been expanding assertively. Ms. Nelson's restaurant, Silver Bridge Truck Stop, recently reopened and hired about 20 people last month in an area thirsty for jobs.

Both women, however, took large pay cuts from their old jobs — Ms. Ings worked for a wholesale tuxedo distributor, Ms. Nelson was a secretary. And both remain worried about how they will make ends meet in the long run.

With the country focused on job growth and with unemployment continuing to hover above 9 percent, comparatively little attention has been paid to the quality of the jobs being created and what that might say about the opportunities available to workers when the recession finally settles. There are reasons for concern, however, even in the early stages of a tentative recovery that now appears to be barely wheezing along.

For years, long before the recession began, job growth had become increasingly polarized in this country. High-paid occupations that require significant amounts of education and training grew rapidly alongside low-wage, service-type jobs that do not, according to David Autor, a labor economist at the [Massachusetts Institute of Technology](#).

The growth of these low-wage jobs began in the 1980s, accelerated in the 1990s and began to really take off in the 2000s. Losing out in the shuffle, Dr. Autor said, were jobs that he described as "middle-skill, middle-wage" — entry-level white-collar positions, like office and administrative support work, and certain blue-collar jobs, like assembly line workers and machine operators.

The recession appears to have magnified that trend, Dr. Autor wrote in a [recent paper](#), released jointly by the [Center for American Progress](#), a left-leaning policy group, and the [Hamilton Project](#), which has a more centrist reputation. From 2007 to 2009, the paper said, there was relatively little net change in total employment for both high-skill and low-skill occupations, while employment plummeted in so-called middle-skill occupations.

A [new analysis](#) by the [National Employment Law Project](#), a liberal advocacy group, takes a different approach, identifying industries that have experienced job growth in 2010 and examining their median wages. It is a blunter measurement because it focuses on whole industries, within which there is often great diversity in income. Economists also cautioned that it was still too early to know exactly which sectors would eventually lead the way in a sustained recovery.

Nevertheless, the law project analysis offers a snapshot of where the employment growth has been so far. It found that job expansion to this point had been skewed toward industries with median wages that are low to middling, with a disproportionate share of job growth happening in industries whose median wages fell below \$15 an hour.

“There’s a striking contrast so far between which industries have lost jobs and which ones are growing,” said Annette Bernhardt, policy director for the law project. “If this kind of bottom-heavy job creation continues, it could pose a real challenge to restoring consumer demand and making sure working families have a way to support themselves.”

Both studies are disquieting because of the potential import for many who had once scratched out middle-class livings and are now looking for work. A unifying theme is the stubborn march of labor-intensive, low-paying service jobs, like the ones Ms. Ings and Ms. Nelson found.

There is typically a downward slide during recessions, said Till von Wachter, a [Columbia University](#) economist, in which higher-skilled and higher-educated workers are re-employed first, often landing jobs for which they are overqualified, squeezing out the lesser skilled and lesser educated. Indeed, in the current downturn, the unemployment rate has climbed the most for the least-educated workers, suggesting they have been hit the hardest.

However, while [researching](#) workers who lost their jobs in California in the 1990s, Dr. Wachter found that people who fell in the middle when it came to their educational background — possessing high school degrees or some college — and to the skills required for their occupation tended to experience larger and longer lasting income losses after job loss than people on both the lower and higher end of the scale.

Ms. Ings had worked in a variety of office and administrative roles in the wholesale tuxedo industry. Her wages of just over \$16 an hour were enough to build a relatively comfortable life for her and her daughter, Jillian, now 21 and in college.

“During her whole growing up, I never got child support,” Ms. Ings said. “I always had to try to find a job that paid well to help support her. That’s my job, being a mother.”

When Ms. Ings was laid off in March 2009, she dove into finding another “corporate job.” But she found that nearly everyone seemed to be looking for people with at least a college degree, if not more. She had only a high school diploma.

As a teenager, Ms. Ings had worked in a nursing home and enjoyed it. So, after getting her certified nursing assistant license, she applied at the [Home Instead](#) office in Lexington, which has been steadily hiring, said Jack Cross, the franchise owner. Nationally, the company has created more than 2,400 jobs this year, and home health aides are one of the country’s fastest growing occupations.

Ms. Ings adores her job, but her finances remain taut, even though she is working 50 hours a week. She had been without health insurance for her first few months, but soon the company will begin deducting for it — a further pinch on her already meager paycheck.

“I’m going to be coming home with nothing,” she said.

In Arkansas, Ms. Nelson has been hampered by her decision several years ago to quit college after a semester. She has worked a variety of jobs, including a three-year stint as a secretary, earning about \$12 an hour.

Last year, she and her husband, Kenneth, and their son, Riley, now almost 2, moved to Colton, Calif., where they had relatives and believed the job market would be better. They moved back to Arkansas this year, however, after struggling to find steady work.

He quickly accepted a factory job at \$8 an hour, but she got rejection after rejection trying to find office work.

Ms. Nelson eventually gave up and took up waitressing. The couple is living with her mother, trying to save enough for their own place.

“I don’t know, with the jobs we have, if we’re ever going to be able to make it on our own,” Ms. Nelson said.

Correction: August 31, 2010

An earlier version of this article misspelled the name of the director of the National Employment Law Project. It is Annette Bernhardt, not Bernhard.