WORK IN FOCUS: 
A U.S. LABOR MARKET OVERVIEW

The U.S. labor market today looks significantly different than it did a generation ago. Globalization and macro-economic forces have contributed to a continuing shift in the U.S. economy, from one driven by manufacturing to one that is primarily service producing. Demographic shifts, technological advancements, and a decline in unionization have all been driving changes in the U.S. labor market.

To explore what these changes mean for working people, this fact sheet will outline: how the labor market has shifted; the growth outlook for professional and technical jobs; the growing wealth and employment disparities in today’s economy; the labor market outlook for working people based on age, gender, and race; and the decline of unionization and the changing profile of union workers.

Work in the U.S.: Past and Present

Since the 1970s, the U.S. economy and labor market has changed dramatically in response to economic, technological, political, and demographic shifts. Service occupations are increasingly responsible for U.S. economic growth. Increased automation and offshoring of manufacturing jobs has contributed to the reduction in the number of U.S. workers needed for production occupations. Changes in industry definitions make accurate historical comparisons of industries difficult; however, in 1950 “goods producing” industries (mining, construction, and manufacturing) employed 41 percent of the workforce. That number fell to 33 percent by 1970. In 2014, goods producing industries made up 12.7 percent of the U.S. workforce.

The shift from production to service occupations is evident even across comparable years. Over the last decade, from 2005 to 2015, management, professional, and related occupations grew from 34.7 to 39 percent and service occupations grew from 16.3 to 17.4 percent of the total workforce. High-skill, high-wage jobs and low-skill, low-wage jobs continue to grow, while the number of available so-called “middle skill” job opportunities has contracted. This increased polarization has the potential to exacerbate income and wealth disparities in the long run.

Women were once a small minority of the employed workforce in the U.S., representing just 18.3 percent of the workforce in 1900 and 27.4 percent of the workforce in 1950. In 2015, women were 46.8 percent of the U.S. workforce.
Recovery and Growth in the Future

The U.S. Bureau of Labor Statistics (BLS) projects that the U.S. economy will add 9.8 million jobs between 2014 and 2024, for an overall growth rate of 6.5 percent over 10 years. The BLS anticipates uneven job growth across the U.S. population and within different industries. However, the BLS projections are only estimations and cannot take into account unforeseen political or economic changes.

Since the recent recession, labor force participation rates among older workers, age 55 and older, have increased while labor force participation rates among workers ages 16 to 24 have decreased. Unsurprisingly, as the baby boomer generation ages, demand for health and social services increases, the BLS projects health care and social assistance jobs to experience the highest relative rate of growth in the next 10 years.

- Projections indicate that by 2024 service providing industries will add 9.3 million new jobs. Much of this growth will come from the 3.8 million new salary and wage jobs in health care and social assistance.
- Amongst goods-producing industries, projections expect construction to grow by 790,000 new jobs. Even with this new growth, employment in the construction sector is not expected to return to its peak of 2006. Meanwhile, projections suggest that the manufacturing industry will lose 814,000 jobs, while mining will gain a modest 80,000 new jobs over the next decade.
- Population growth amongst school-aged children and an increased demand for post-secondary education and training will both contribute to a projected 7.6 percent growth rate in education, training, and library occupations. Projections indicate an additional 700,000 more jobs in this field by 2024.

Increased dependence on computers for both business and personal uses means computer and information technology occupations will also experience growth. The BLS projects that computer and mathematical occupations will experience 13.1 percent growth, creating 531,400 new jobs by 2024. Additionally, employment in software and application development should experience 18.8 percent growth from 2014 to 2024. However, a 2012 study by the Congressional Research Service suggested that information technology jobs are also “highly offshorable,” potentially complicating these projections.

Projections indicate that STEM occupations will represent a large portion of the 3.07 million professional jobs created by 2024. The proportion of STEM professionals will increase from 15.1 percent of the professional labor force in 2015 to 16 percent in 2024. Architecture and engineering occupations lost close to 150,000 jobs during the last recession. Consequently, much of the expected growth in these fields will represent recovery from that contraction.

Office and administrative workers also suffered job losses during the recession. While projections indicate that there will be 466,000 more office and administrative support jobs by 2024, the occupation group lost 1.7 million jobs from 2007 to 2013.
Growing Wealth and Employment Disparities

Income and wealth inequality in the United States continues to grow. Economic and wealth disparities are partially a result of declining rates of unionization, stagnation in wages, increasing health care costs, and tax policies that favor the wealthy. In 2012, the wealthiest one percent held more than one-third of the combined wealth in the U.S., while the bottom 90 percent held only 27 percent of all wealth. During the recent recession, while wealth was increasingly concentrated in the hands of a small minority of people, the average real income per family dropped 17.4 percent, exacerbating already extreme trends of wealth polarization.

The economic recession had a profound impact on the ability of many unemployed workers to find permanent, long-term work. The unemployment rate in May 2016 was 4.7 percent, down from 5.5 percent in May 2015, but the unemployment rate alone only tells part of the story. An additional five percent of the workforce were underemployed or “marginally attached” to the workforce in May 2016. These workers represent those forced to either take part-time work, or stopped looking for work within the last 12 months. Moreover, the labor force participation rate dropped from 66 percent in 2007 to 62.6 percent in 2016.

- As of 2014, the top 10 percent of earners in the U.S. pulled in 49.85 percent of the total incomes, slightly less than the 50.6 percent mark recorded in 2012.
- Average real incomes of the bottom 99 percent of earners grew by 7.3 percent from 1993 to 2013, with a growth rate of .8 percent during the recession’s recovery years, between 2009 and 2012.
- Top one percent incomes grew by 86.1 percent from 1993 to 2012, with a growth rate of 34.7 percent during the recovery years. Thus, the top one percent of income earners captured slightly over two-thirds of the overall economic growth of real incomes per family between 1993 and 2013.
- From 2005 to 2015, wages, when adjusted for inflation, for workers in management, professional, and related occupations were nearly flat, increasing only 1.8 percent over the last decade. Unfortunately, this occupational group fared best in the last decade, as workers in service occupations, sales and office occupations, natural resources,
construction, and maintenance occupations, and transportation and material moving occupations all experienced a decline in real wages from 2005 to 2015.23

A 2015 report by the International Monetary Fund found that the decline in unionization has fed the rise in incomes among top earners. According to the report, which looked at the economies of 20 advanced industrialized countries “The decline in unionization is related to the rise of top income shares and less redistribution, while the erosion of minimum wages is correlated with considerable increases in overall inequality.”24

**Age and the Labor Market: Barriers to Entry and Exit**

Many older workers, particularly those of the baby boomer generation (those born between 1946 and 1964) are remaining in the labor market long after the typical age of retirement. Economic uncertainty, low-wages, and inadequate retirement plans are just some of the reasons why older workers continue to work past retirement. Meanwhile, young workers, ages 16 to 24, face entry barriers in one of the most difficult labor markets in recent history. An aging population of workers and a population of young workers unable to find entry-level employment will likely cause significant changes to the labor market in the near future.25

Recent retirees and older workers currently planning their retirements face a decidedly difficult transition. About half of the workforce does not have an employer-provided retirement plan and today’s personal savings rates rarely return adequate resources for retirement.26, 27 Large numbers of near-retirees appear to have inadequate retirement resources and lack long-term financial confidence. The labor force participation rates for men and women ages 62 to 79 have notably increased since the mid-1990s.28 Many older workers continue to work to improve retirement incomes by boosting lifetime earnings and reducing the number of retirement years.29 Additionally, in May 2016, there were 1.19 million workers over the age of 55 who were unemployed and looking for work.30

The same economic forces that are keeping baby boomers in the workforce longer can be detrimental for young workers, especially in the weak economy. In May 2016, the unemployment rate for workers ages 16 to 19 was 16 percent. For workers aged 20 to 24, 8.3 percent were unemployed.31 High school graduates just entering the workforce are experiencing high unemployment rates. In October 2015, 19.5 percent of recent high-school graduates were unemployed compared to 15.9 percent in 2007.32 Moreover, in 2015, 7.2 percent of young workers graduating college with a bachelor’s degree were unemployed with 14.9 percent underemployed.33 One phenomenon that these numbers fail to capture is college graduates employed full-time in positions that do not necessarily require a four-year degree. As graduates enter jobs for which they are over-qualified, young workers with less than a bachelor’s degree face more competition for middle or low-skilled jobs.34

The skyrocketing cost of higher education35 paired with a weak labor market for young people will likely translate into lower lifetime earnings than they would have experienced had more opportunities been available, and consequently, risk precarious retirements at the end of their careers.36 In 2015, 7.4 percent of hourly workers between the ages of 16 and 24 earned less
than the prevailing federal minimum wage compared to only 2.2 percent of hourly workers 25 and older.37

**Women in a Gendered Economy**

For over 30 years, women have outpaced men on earning both bachelor’s and master’s degrees.38 In 2015, women represented 51.5 percent of workers in management, professional, and related occupations.39 Yet, in 2015, women were paid 79 cents for every dollar a man earned.40 Even after controlling for a number of factors, as much as seven percent of this gap remains unexplained.41 This disparity translates into a lifetime of inequality, including lost opportunity, lower lifetime earnings, and smaller returns on investments for retirement.42 Estimates indicate that women lose close to a half-million dollars in lifetime earnings because of these inequalities that begin immediately upon entering the workforce. These losses are even more pronounced among women of color.43

**Median Weekly Earnings by Race, Hispanic Ethnicity, and Gender, 2015**

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<th>Race/Ethnicity</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
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<td>$920</td>
<td>$743</td>
</tr>
<tr>
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<td>$680</td>
<td>$615</td>
</tr>
<tr>
<td>Asian</td>
<td>$1,129</td>
<td>$877</td>
</tr>
<tr>
<td>Hispanic or Latino ethnicity</td>
<td>$631</td>
<td>$566</td>
</tr>
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Women remain underpaid even in occupations where they typically represent a majority of the workforce. Eighty percent of elementary and middle schoolteachers were women, yet their median earnings were 89 percent of those for men in 2015.44 While 71.5 percent of office and administrative support workers were women, they still report median earnings 6.8 percent lower than men in similar occupations.45 There is, however, evidence in some fields of very slow movement toward equilibrium. In counseling, 71 percent of workers were women and their median earnings for 2015 were .66 percent lower than those for men.46

The gender wage gap has an especially profound impact on working families with children. The Pew Research Center found that in 40 percent of households with children, a woman was the sole or primary earner.47 A report by the AFL-CIO and the Institute for Women’s Policy Research found that if the wage gap were eliminated, the income of single women would rise 13.4 percent, single mothers would earn 17 percent more, and married women
would earn six percent more. These increases would lead to reductions in poverty by 84 percent for single women, 50 percent for single mothers, and 62 percent for married women.48

**African Americans in the Workforce**

Despite advances in race relations in the U.S. over the past half century, Black and African American workers are still more likely to work jobs without health insurance, without a retirement plan, and earn a lower wage than their White counterparts.49 The number of Black and African American workers with a four-year college degree increased from 10.4 percent to 26.2 percent between 1979 and 2011, increasing at a faster rate than the rate for White workers.50 Nevertheless, in 2016 the median usual weekly earnings for Whites were $857, while the median usual weekly earnings for Black and African Americans were only $673.51

During the last recession, unemployment for Black and African Americans peaked at 16.7 percent in August 2011.52 More recently, in May 2016, 8.2 percent of Black and African Americans were unemployed, while the unemployment rate for young Black and African American men, ages 16 to 19, was 27 percent, significantly higher than the 15.9 percent unemployment rate for young white men.53 Additionally, unemployment rates are significantly higher for Black and African Americans than Whites at every educational level. In 2015, Black and African Americans with a bachelor’s degree or higher had an unemployment rate of four percent, while their white counterparts had an unemployment rate of only 2.4 percent.54

Women of color face similarly high rates of income disparity when compared to White women. In 2015, median weekly earnings for Black and African American women were 17.2 percent lower than median weekly earnings for White women.55

**Declining and Shifting Union Membership**

Union membership has experienced a steady decline in both absolute and relative numbers in the last 20 years. In 1983, the first year for which comparable data is available, 17.7 million workers or 20.1 percent of the workforce were union members. By 2015, that number fell to 14.8 million workers, or 11.1 percent of the workforce.56 A number of factors contributed to this overall decline, including technological shifts, offshoring of jobs, and legislation that was increasingly hostile to U.S. workers. While goods-producing industries once represented the highest proportion of unionized workers, public sector professionals now make up a majority of union members.57

The various types of “professional” work had very different rates of unionization in 2015. In management, business, and financial occupations, 4.4 percent of workers were union members, compared to 16.8 percent of workers in professional and related occupations.58 Public sector employees had a unionization rate of 35.2 percent in 2015, which was more than five times that of all private sector employees who had a unionization rate of 6.7 percent in 2015.59

Over 35 percent, of workers in education, training, and library professions and protective services were union members in 2015. In occupations with the lowest rates of unionization,
agricultural and related industries, and farming, fishing, and forestry occupations, union members only represented 1.2 percent and 1.9 percent of workers, respectively.  

In 2015, 10.6 percent of women in the workforce belonged to unions, compared to 11.5 percent of men. This is a much smaller gap than 1983 when 24.7 percent of men and 14.6 percent of women belonged to unions.  

Black and African American workers had the highest rate of unionization in 2015 at 13.6 percent, compared to 10.8 percent for White workers, 9.8 percent for Asian American workers, and 9.4 percent for Hispanic and Latino workers.  

Women, and especially women of color, are forming and joining unions at a faster rate than men. Many of the unions organizing in industries dominated by women, such as education and government, consistently show much higher win rates than those unions organizing in industries with fewer female members. Unionized women of color earn significantly more than non-union women of color, with the largest gains among Hispanic and Latino women. 

Political climate and unions: In 2015, five states (GA, NC, SC, TX, and UT) had union membership rates lower than five percent. All five of these states had so called “right-to-work” (RTW) laws. Studies suggest that strong unionization in a given state may influence wages for all workers, regardless of membership status. The Economic Policy Institute found that wages in states with RTW laws were 3.1 percent lower than non-RTW states, even when controlling for a number of factors. This translates to $1,558 lower annual wages for a typical full-time, full-year worker. Workers in RTW states also report lower rates of both employer-sponsored health insurance and pension plans. While RTW laws are not necessarily the direct cause of these disparities, they are often part of a package of statutes and policies that weaken the bargaining power of workers. 

The union advantage: In the aggregate, union members reported 26.2 percent higher median weekly earning than non-union employees did in 2015; however, these numbers do not account for geographic differences or union density in a given field. Union members generally report higher wages than non-union workers in similar jobs, and are more likely to have paid sick leave, employer-sponsored health insurance, and pension plans. 

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For more information on professional and technical workers, check DPE’s website: www.dpeaflcio.org.
The Department for Professional Employees, AFL-CIO (DPE) comprises 22 AFL-CIO unions representing over four million people working in professional and technical occupations. DPE-affiliated unions represent: teachers, college professors, and school administrators; library workers; nurses, doctors, and other health care professionals; engineers, scientists, and IT workers; journalists and writers, broadcast technicians and communications specialists; performing and visual artists; professional athletes; professional firefighters; psychologists, social workers, and many others. DPE was chartered by the AFL-CIO in 1977 in recognition of the rapidly growing professional and technical occupations.

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10 Ibid.
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