Bad Jobs on the Rise

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Executive Summary

We define a bad job as one that pays less than $37,000 per year (in inflation-adjusted 2010 dollars); lacks employer-provided health insurance; and has no employer-sponsored retirement plan.

By our calculations, about 24 percent of U.S. workers were in a bad job in 2010 (the most recently available data). The share of bad jobs in the economy is substantially higher than it was in 1979, when 18 percent of workers were in a bad job by the same definition.

The problems we identify here are long-term and largely unrelated to the Great Recession. Most of the increase in bad jobs – to 22 percent in 2007 – occurred before the recession and subsequent weak recovery.

Of the three criteria we use, workers did best with respect to earnings. Overall, in 2010, about 53 percent of workers were in jobs that paid less than $37,000 per year, down from 59 percent in 1979.

A decline in health-insurance coverage, however, was a major driver of the increase in bad jobs. About 47 percent of workers did not have employer-provided health insurance in 2010, up from 30 percent in 1979.

A deterioration in retirement-plan coverage also contributed to the rise in bad jobs. In 2010, about 55 percent of workers did not participate in a retirement plan at work, up from 48 percent in 1979.

The increase in bad jobs took place despite a substantial increase in the productive capacity of the U.S. economy over the same period. The typical worker in 2010 was seven years older than in 1979. In 2010, over one-third of US workers had a four-year college degree or more, up from just one-fifth in 1979. On average, workers today also work with more physical capital (plants, machinery, equipment, etc.) and much more sophisticated technology.

Given that older and better-educated workers generally receive higher pay and better benefits, we would have expected the share of bad jobs to have declined over the last three decades in step with these improvements in the quality of the workforce.

Between 1979 and 2010, the share of workers with bad jobs, increased for workers at every education level. Workers with less than a high school degree, only a high school degree, and even those with some college (including associates degrees) were substantially more likely to be in a bad job in 2010 than they were in 1979. Even among workers with a four-year college degree or more, the share of workers in a bad job was slightly higher in 2010 than it had been three decades earlier.

The decline in the economy's ability to create good jobs is related to deterioration in the bargaining power of workers, especially those at the middle and the bottom of the pay scale. The restructuring of the U.S. labor market – including the decline in the inflation-adjusted value of the minimum wage, the fall in unionization, privatization, deregulation, pro-corporate trade agreements, a dysfunctional immigration system, and macroeconomic policy that has with few exceptions kept unemployment well above the full employment level – has substantially reduced the bargaining power of U.S. workers, effectively pulling the bottom out of the labor market and increasing the share of bad jobs in the economy.

Introduction

In a recent report, we examined trends over the last three decades in "good jobs" (Schmitt and Jones, 2012). We defined a good job as one that paid at least $37,000 per year, had employer-provided health insurance, and an employer-sponsored retirement plan. In this report, we turn our attention to the other end of the employment spectrum – "bad jobs." Here, we define a bad job as one that meets none of the three criteria we set for a good job. By our definition, a bad job is one that pays less than $37,000 per year, has no health insurance, and no retirement plan.

Our earlier research found that the share of workers in a good job fell between 1979 and 2010 (the most recent data available).[1] This decline in good jobs took place despite a remarkable increase in the productive capacity of the U.S. economy. The share of workers with a four-year college degree or more increased from less than one-fifth in 1979 to over one-third in 2010. Over the same period, the median age of the 18-to-64 year-old workforce rose by seven years.[2] The average amount of physical capital (buildings, machinery, equipment, etc.) per worker jumped over 50 percent, and the technological sophistication of American workplaces rose remarkably. Reflecting these developments, between 1979 and 2010, national GDP per person increased by over 60 percent.[3]

In this report, we document that the increase in the productive capacity of the economy has not been any more successful when it comes to combating bad jobs. By our calculations, about 18 percent of U.S. workers were in a bad job in 1979 and the share increased to about 22 percent at the peak of the last business cycle in 2007 and 24 percent in 2010, almost one year after the official end of the Great Recession.

Defining a Bad Job

We define a bad job to be one that does not meet any of the three criteria we established for a good job. A bad job pays less than $37,000 per year (in inflation-adjusted 2010 dollars) and has no employer-provided health insurance and has no employer-sponsored retirement plan. In this section, we review the share of jobs in the economy that fall short of each of these three benchmarks, separately. In the next section, we will apply all three criteria at the same time.

Earnings

In our analysis, a "bad job" must pay less than $18.50 per hour, or about $37,000 annually.[4] This cutoff was the median hourly pay, in inflation-adjusted 2010 dollars, for men in 1979.[5] The $18.50 hourly figure was a reasonable – though, arguably, low – rate for a "good job" in our earlier work,

1 The share of good jobs also fell between 1979 and 2007, the most recent business-cycle peak. The trends we discuss here are long-term in nature and not driven by the ups and downs of the business cycle.

2 That is, the increase in the age of the workforce we focus on is not a function of an increase in work among those of traditional retirement age (65 and older).

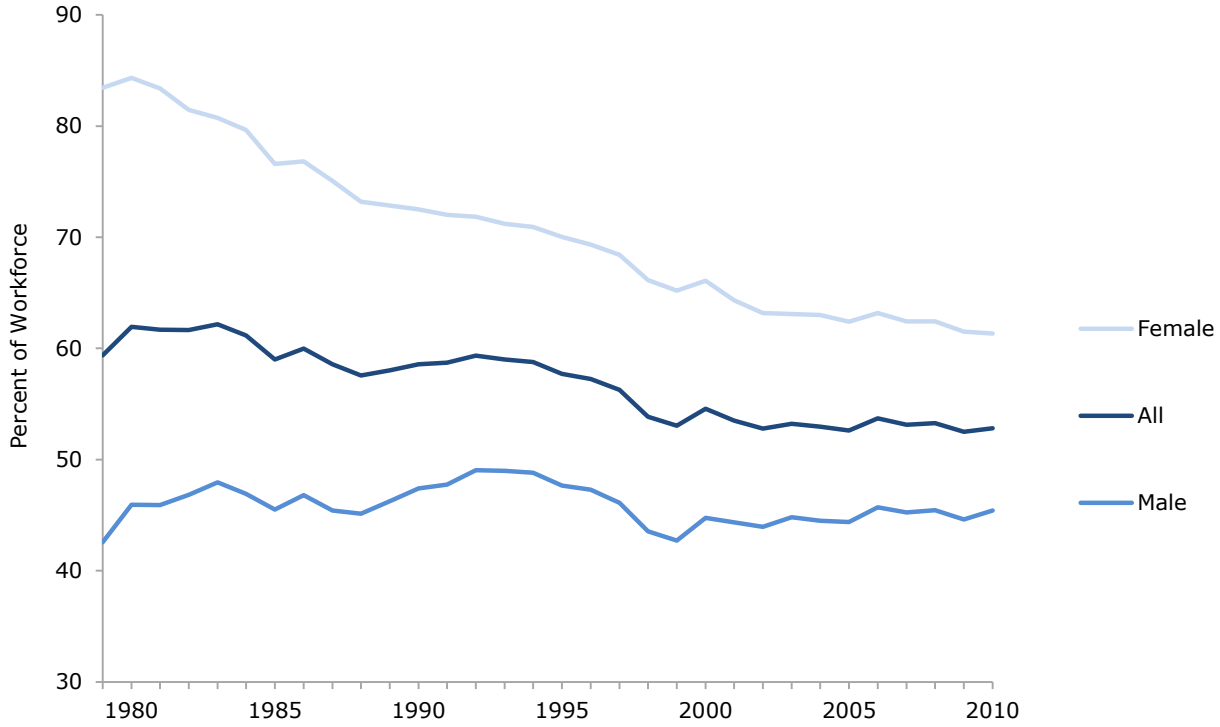
3 See Schmitt and Jones (2012), Table 1.

4 The $18.50 per hour is rounded up from $18.43 per hour and $36,860 per year. All dollar figures in this report are in constant 2010 dollars, deflated using the CPI-U-RS.

5 We take the median hourly earnings figure from Mishel, Bernstein, and Shierholz (2009).

but the $18.50 per hour cutoff, arguably, is too a high a bar for a bad job. By the standard international definition of a "low-wage" job – one that pays less than two-thirds of the median wage – would have put the low-wage cut-off at just over $11.00 per hour in 2010.[6] For simplicity and ease of comparison with our earlier work on good jobs, however, we will continue to use the higher cut-off here. As we will see later, the main driver of the increase over the last three decades in the share of bad jobs is the decline in employer-provided benefits, not a fall in the share of jobs that fail to meet our pay threshold.

FIGURE 1
Share of Workers below Good-jobs Earning Threshold, by Gender, 1979-2010



Source: Authors' analysis of March Current Population Survey.

Figure 1 shows the trends from 1979 through 2010 in the share of all jobs that fall below our earnings cutoff. The workforce as a whole saw some improvement with respect to the earnings criteria. Overall, in 2010, 52.8 percent of workers were in jobs that paid less than $37,000 per year, down from 59.4 percent in 1979. But, the trends differed sharply by gender. Women experienced substantial gains, with the share of women below the earnings threshold falling from 83.4 percent in 1979 to 61.3 percent in 2010. For men, however, the share below the cut-off changed little, varying between 42 and 49 percent over all three decades, finishing somewhat higher in 2010 (45.4 percent) than it had been in 1979 (42.6 percent).[7]

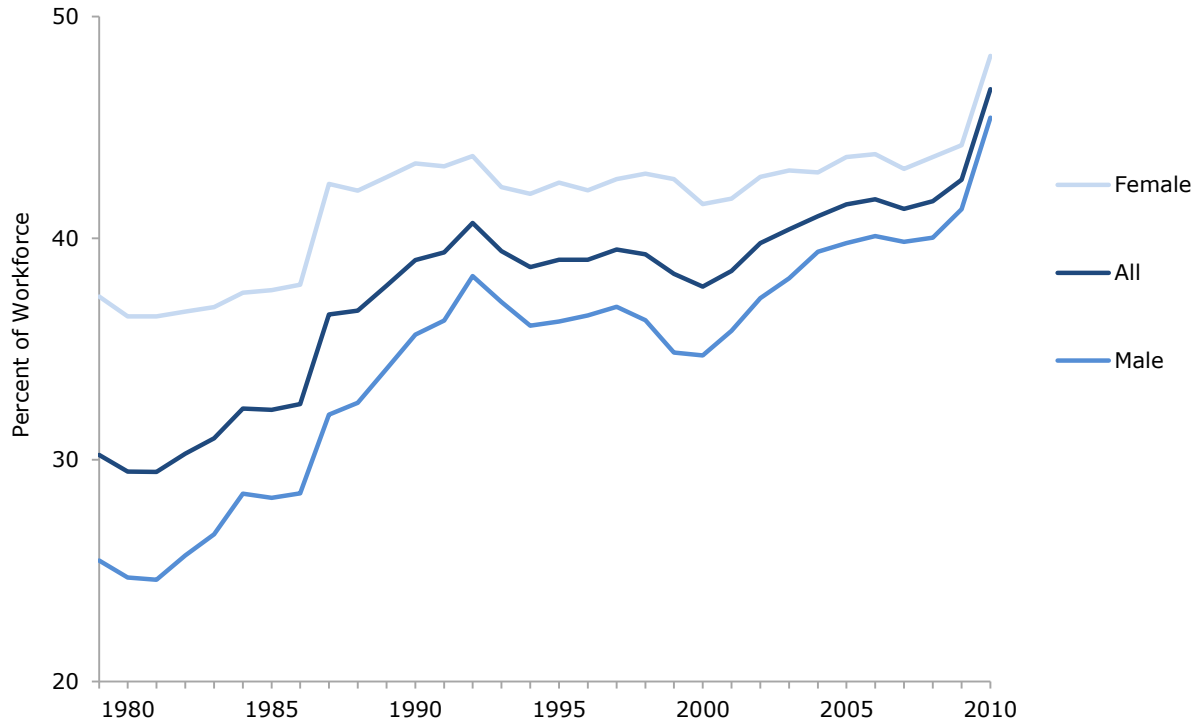
6 Schmitt (2012a) reports that in 2010 almost 30 percent of U.S. workers were in "low-wage" jobs by this definition.

7 In principle, the share of men earning below the threshold should total 50 percent in 1979. In our data, however, the share earning below the cutoff in that year was about 42 percent. The discrepancy is due to differences in the hours concept used to create the $18.50 per hour cut-off, which is based on the Mishel, Bernstein, and Shierholz's (2009) analysis of the CPS Outgoing Rotation Group (ORG) and uses a more direct measure of hourly earnings, and our use here of the CPS March supplement, which provides only an indirect measure of hourly wages (based on total

Health Insurance

By our definition, a bad job must also lack employer-provided health insurance. As **Figure 2** demonstrates, over the last three decades, the share of jobs lacking health insurance has increased sharply. Overall, 46.7 percent of jobs did not have health insurance in 2010, up from 30.2 percent in 1979. Both men and women saw large drops in coverage. The share of women without coverage increased from 37.4 percent in 1979 to 48.2 percent in 2010. For men, the share without coverage jumped from 25.5 percent in 1979 to 45.4 percent in 2010.

FIGURE 2
Share of Workers Without Employer-provided Health Insurance, by Gender, 1979-2010



Source: Authors' analysis of March Current Population Survey.

For the full period, 1979-2010, the March CPS data we analyze allows us to determine whether a worker had employer-provided health insurance and whether the employer paid at least part of the premium. Several issues, however, may affect the interpretation of our health-insurance indicator. The first is that the CPS survey questions related to health insurance have changed several times over the last three decades. These changes had their biggest impact on measuring health-insurance coverage from sources other than employers, so are less relevant to our analysis. Moreover, the effect of almost all the survey changes was to raise the share of respondents who reported having some form of health insurance. Thus, to the extent that the survey changes have an impact on our

annual earnings from work and an estimate of the number of weeks worked in a year and the average hours worked per week).

results, the effect would be to bias our results toward finding fewer bad jobs in recent years than in earlier years.[8]

A second issue with the CPS data we use is that a worker must accept health-insurance coverage in order for us to observe them as having a job with employer-provided health insurance. A worker could have a job where employer-provided health insurance is available, for example, but choose not to accept it, and would be designated in our measure as having a "bad job." This might be of particular concern with respect to married respondents that obtain employer-provided health-insurance coverage through their spouse. In practice, however, this effect is not likely to be large. In 2008, for example, less than 14 percent of workers had employer-provided health insurance through someone other than their own employer.[9] More importantly, this share was roughly similar at the beginning and the end of the three decades, suggesting that movements in spousal coverage are not likely to bias our results in either direction.[10]

Finally, the CPS does a poor job of gauging the quality of workers' health-insurance plans. The CPS does not, for example, track the value of the underlying premiums, copays, deductibles, annual or lifetime limits, or other aspects of the coverage. The CPS does show a substantial decline in the share of employers who pay all of the health-insurance premium, but contains no other consistent measures of plan features over the full 1979-2010 period. The quality of the underlying medical attention is certainly better today than it was three decades ago, but given greatly expanded efforts to shift the cost of insurance from employers to workers, the quality of the health insurance itself is likely, on average, to be worse today than three decades ago. Our simple health-insurance measure, however, will not capture any of these likely declines in quality.

Retirement Plan

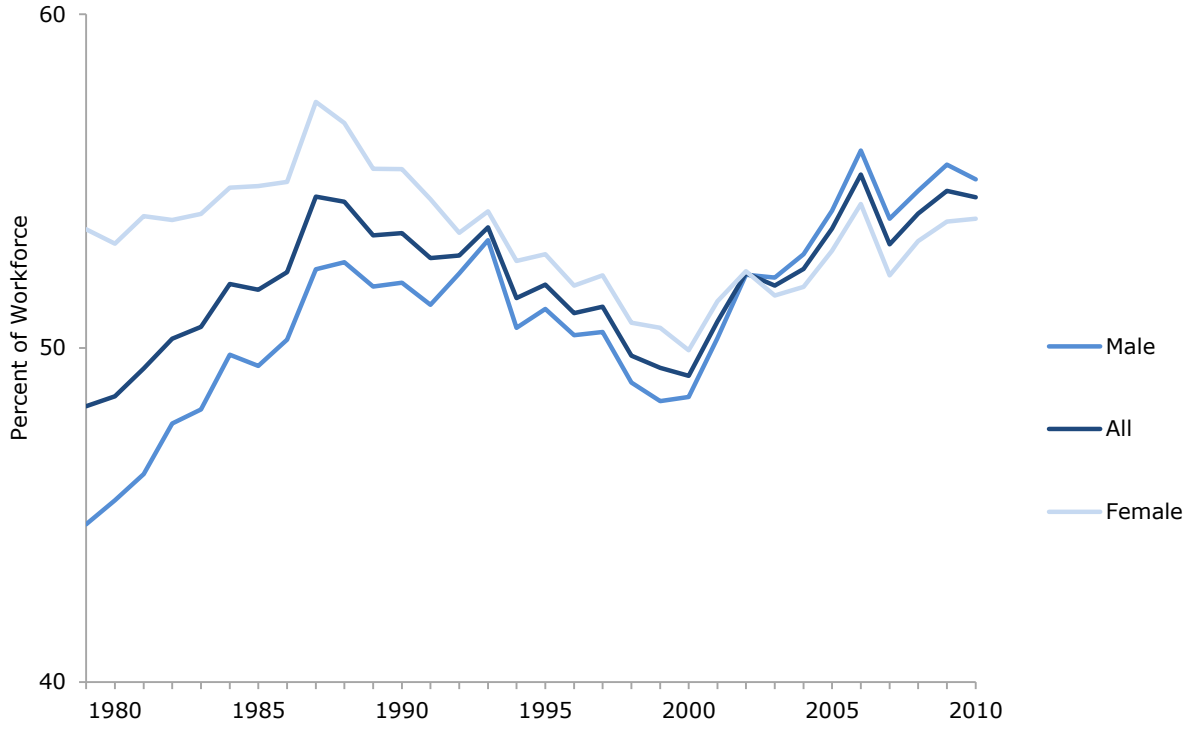
By our definition, a bad job also has no employer-sponsored retirement plan. **Figure 3** shows the share of the workforce without any kind of employer-sponsored retirement plan through their current employer. The portion of the workforce without a plan has zigzagged over the last three decades. Retirement coverage fell sharply through most of the 1980s as employers dropped traditional pensions. Coverage then increased through the 1990s, as employers began to offer lower-cost defined-contribution plans instead of traditional pensions. The economic downturn in the early 2000s, which was accompanied by a steep decline in stock prices, however, coincided with a second wave of declines in retirement-plan participation. By 2010, the share of workers not participating in a retirement plan at work stood at 54.5 percent, up from 48.3 percent in 1979. For women, the share without a retirement plan was about the same in 2010 (53.9 percent) as it had been in 1979 (53.6 percent). Men, however, saw a big drop in retirement-plan coverage: 55.1 percent had no coverage in 2010, compared to 44.7 percent in 1979. In 2010, men were more likely than women to lack a retirement plan, a substantial reversal from the situation at the end of the 1970s.

8 For a detailed discussion of changes to the CPS health-insurance questions, see Rho and Schmitt (2010).

9 Rho and Schmitt (2010), Table 4.

10 For a fuller analysis of workers' health-insurance coverage from all sources, see Rho and Schmitt (2010) and Schmitt (2012b).

FIGURE 3
Share of Workers Without Employer-sponsored Retirement Plan, by Gender, 1979-2010



Source: Authors' analysis of March Current Population Survey.

Unfortunately, the March CPS does not track the quality of retirement benefits, so any employer-sponsored plan, regardless of its characteristics, will save a worker from a bad job by our definition. In particular, the marked shift over the last three decades from defined-benefit pensions to defined-contribution retirement plans represents a shift in risk from employers to employees, whose retirement income increasingly depends on their skill and luck in investing their individual holdings.[11] This additional risk, however, is not measured in the March CPS. As a result, much as in the case of health insurance, our measure likely overstates any progress the economy has made in improving job quality over time.

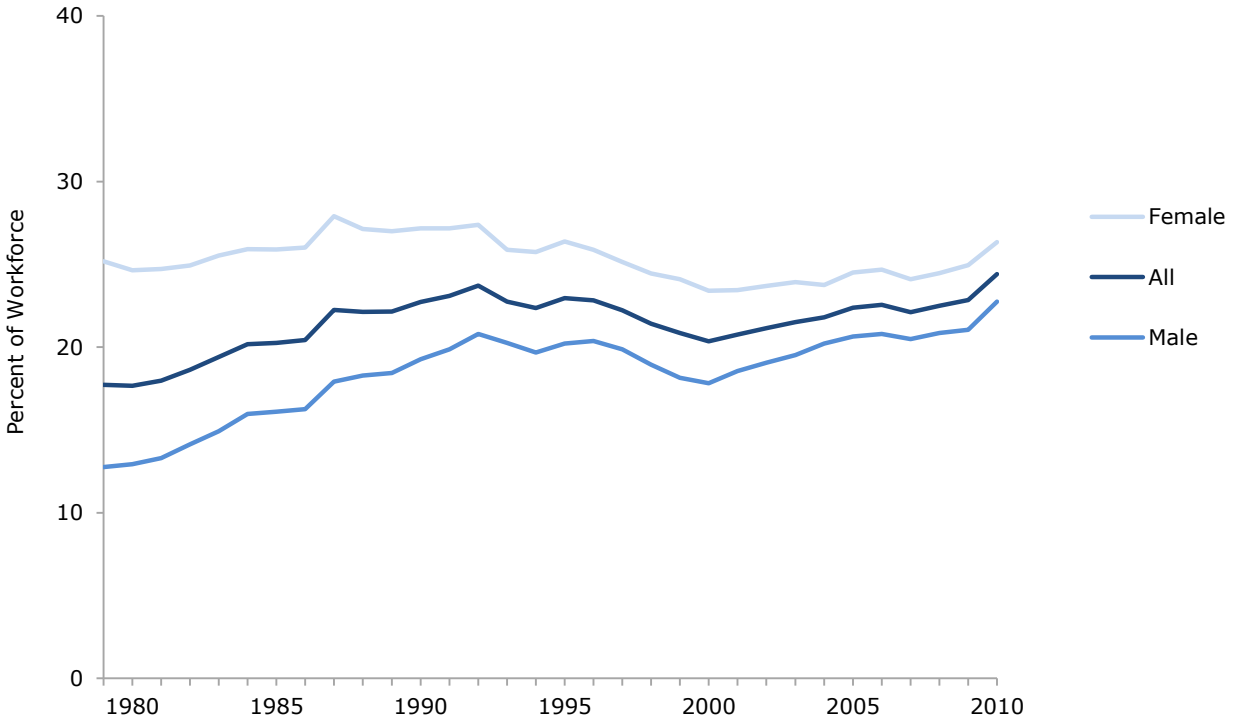
Bad Jobs

We now combine all three criteria and examine the share of workers who: earn less than $18.50 per hour; lack employer-provided health insurance; and lack an employer-sponsored retirement plan. As **Figure 4** demonstrates, in 2010, 24.4 percent of all jobs failed to meet all three of the thresholds we established for a good job, a substantial rise from 17.7 percent in 1979. Despite considerable increases in the quality of the workforce and a large percent increase in GDP per person, the share of workers in a bad job increased 6.7 percentage points. Women were consistently more likely than men to be in a bad job, but the share of women in bad jobs changed little over the last three

11 For a review of developments over the last three decades in retirement plans in the private sector, see Mishel, Bernstein, and Shierholz (2009).

decades. About one-fourth of women were in a bad job in 1979 (25.2 percent) and only slightly more in 2010 (26.3 percent). Meanwhile, the share of men in a bad job grew substantially, from 12.8 percent in 1979 to 22.8 percent in 2010, a 10.0 percentage-point increase to a level still below that of women.

FIGURE 4
Share of Workers with Bad Jobs, 1979-2010



Source: Authors' analysis of March Current Population Survey.

Accounting for Increasing Age and Education

As noted earlier, over the last three decades, the age and educational attainment of the workforce has increased substantially. Given that older and better-educated workers are more likely to hold better jobs, we would have expected the bad-jobs rate to have decreased in line with this improvement in the quality of the workforce. That the bad-jobs share has instead increased suggests that the economy has lost an important part of its underlying ability to generate good jobs. In this section, we use the available information about the changing age and educational characteristics of the workforce to estimate the size of the deterioration in the economy's capacity to produce good jobs.

Table 1 documents the large increase in the age and education of the workforce since 1979. In 1979, almost 20 percent of the workforce had less than a high school degree, but, by 2010, that share had dropped to just 7 percent. In 1979, about 20 percent of workers had a four-year college degree or more; by 2010, the share had increased to 34.3 percent. Similar patterns hold separately for men and women, with particularly sharp increases in educational attainment for women. Between 1979 and 2010, women's educational attainment surpassed that of men, so that by 2010, women workers were more likely than men to have at least a four-year college degree.

Over the same period, the workforce also aged considerably (our sample here is limited to workers ages 18 to 64). In 1979, almost half of workers (49.4 percent) were between 18 and 34 years old. By 2010, the share in this age range had fallen to one-third (32.8 percent). Over the same period, the share of workers in the 35 to 54 year-old range increased from just under 40 percent to almost 50 percent; and the share of workers just below retirement age – 55 to 64 – grew from about 12 percent to almost 18 percent of all workers. These demographic shifts combined to raise the median age of the workforce 7 years. Similar patterns hold separately for men and women. As a result of these developments, by 2010, the typical worker was substantially older and much better educated than in 1979.

TABLE 1
Increases in Age and Educational Attainment of the Workforce, 1979-2010
(percent of employees, age 18-64)

	1979	2007	2010
(a) All Workers			
Education			
Less than High School	19.7	8.0	7.0
High School	38.5	30.4	29.0
Some College	22.1	29.5	29.7
College or more	19.7	32.1	34.3
Age			
18-34	47.4	34.1	33.4
35-54	39.5	50.5	49.1
55-64	13.1	15.5	17.5
(b) Women			
Education			
Less than High School	16.5	5.7	5.2
High School	43.9	28.3	26.2
Some College	22.5	32.3	32.6
College or more	17.1	33.7	36.0
Age			
18-34	49.4	33.7	32.8
35-54	38.4	50.5	49.1
55-64	12.1	15.9	18.1
(c) Men			
Education			
Less than High School	21.9	9.9	8.5
High School	34.9	32.1	31.4
Some College	21.8	27.3	27.2
College or more	21.4	30.8	33.0
Age			
18-34	46.0	34.4	33.8
35-54	40.3	50.4	49.1
55-64	13.7	15.2	17.1

Notes: Authors' analysis of March Current Population Survey.

TABLE 2
Bad Jobs, by Education and Age Groups, 1979-2010
(percent of employees, age 18-64)

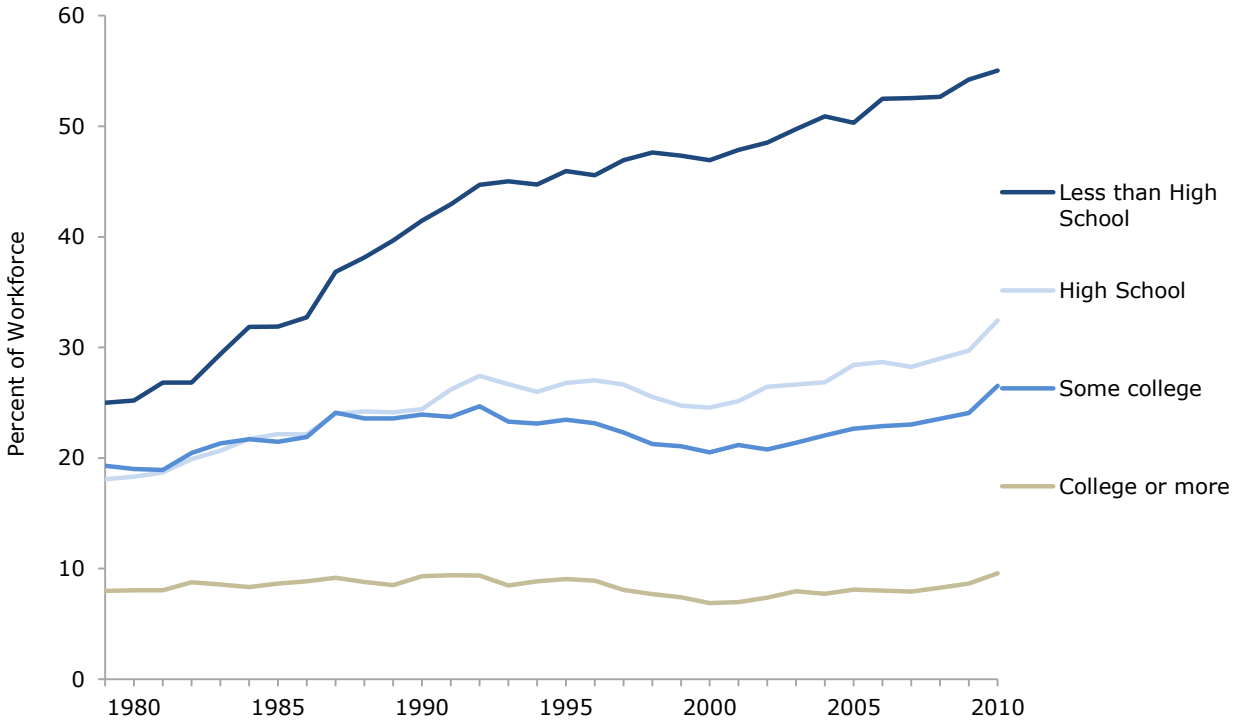
	1979	2007	2010
(a) All Workers			
Education			
Less than High School	25.0	52.5	55.0
High School	18.1	28.3	32.4
Some College	19.3	23.0	26.5
College or more	8.0	7.9	9.6
Age			
18-34	22.4	34.5	38.5
35-54	13.3	16.6	18.3
55-64	14.2	13.1	14.7
(b) Women			
Education			
Less than High School	35.1	55.9	59.2
High School	25.5	32.8	36.0
Some College	26.8	26.3	30.3
College or more	12.7	9.3	11.0
Age			
18-34	27.5	35.4	39.9
35-54	22.8	19.2	20.4
55-64	23.5	15.7	17.8
(c) Men			
Education			
Less than High School	19.9	50.9	52.8
High School	11.9	25.0	29.9
Some College	14.1	19.8	22.7
College or more	5.5	6.6	8.3
Age			
18-34	18.7	33.7	37.4
35-54	7.3	14.3	16.4
55-64	8.8	10.9	11.8

Notes: Authors' analysis of March Current Population Survey.

These data indicate that the economy experienced a significant degree of age and educational upgrading between 1979 and 2010. Nevertheless, one of the most striking findings of our analysis is that workers at every educational level – even those with a college degree or more – were more likely to be in a bad job in 2010 than they were in 1979 (see **Figure 5**). In 1979, 8.0 percent of workers with a college degree or more were in bad jobs; by 2010, the figure had increased to 9.6 percent (see the first panel of **Table 2**).[12] Among workers with some college education (but no four-year degree),

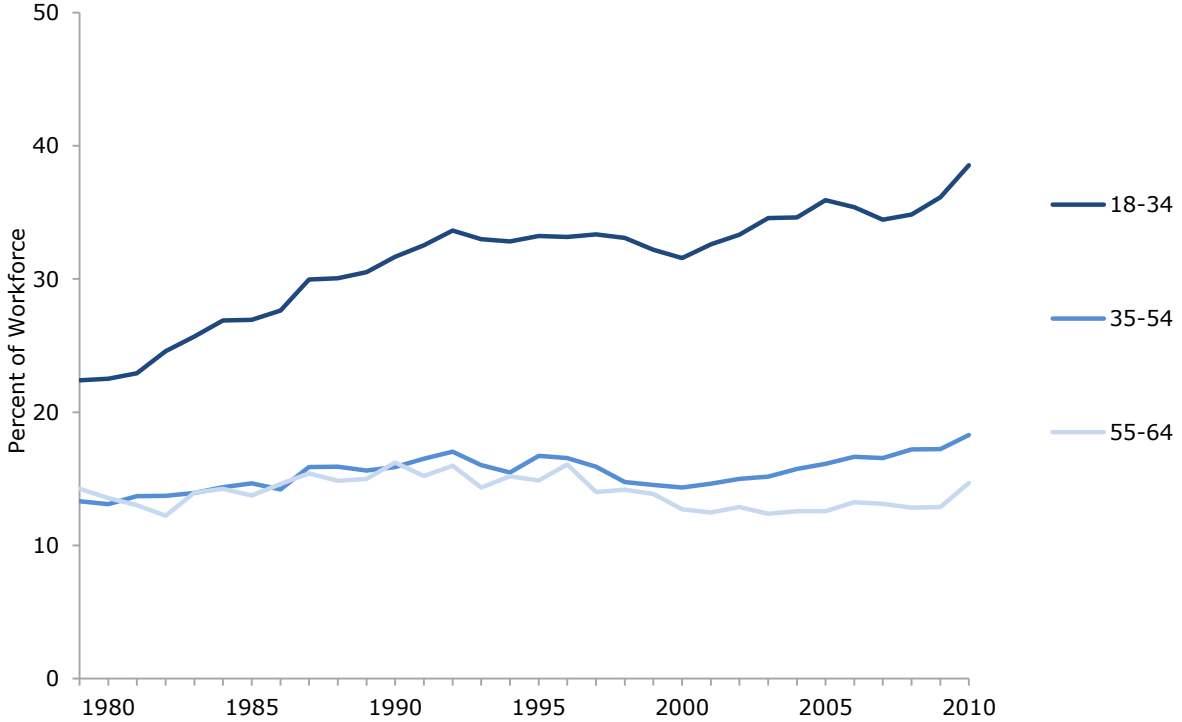
12 The increase in the bad-jobs rate for workers with a four-year college degree or more is especially striking because the share of the total workforce with an advanced degree (M.A., J.D., M.D., Ph.D. or similar) increased from 6.5 percent in 1979 to 11.8 percent in 2010.

FIGURE 5
Bad Jobs, by Education, 1979-2010



Source: Authors' analysis of March Current Population Survey.

FIGURE 6
Bad Jobs, by Age Groups, 1979-2010



Source: Authors' analysis of March Current Population Survey.

the share in a bad job increased from 19.3 percent in 1979 to 26.5 percent in 2010. For workers with a high school degree (and no additional education), over the same period, the share with a bad job jumped from 18.1 percent to 32.4 percent. For workers with less than a high school degree, the bad-job rate more than doubled, from 25.0 percent in 1979 to 55.0 percent in 2010. Broadly similar patterns hold separately for men and women. The only exception is that women with a college degree were less likely to be in a bad job in 2010 (11.0 percent) than in 1979 (12.7 percent). Nevertheless, at every educational level, women were more likely to be in a bad job than men with the same level of education.

Young (18-34) and middle-aged (35-54) workers were also more likely to have a bad job in 2010 than they were in 1979 (Table 2 and **Figure 6**). For 18-to-34 year olds, 38.5 percent held a bad job in 2010, up from 22.4 percent in 1979. For 35-to-54 year olds, the 2010 rate was 18.3 percent, up from 13.3 percent in 1979. For older (55-64) workers, the bad-jobs rate fell was roughly flat over the last three decades at about 15 percent.

Shift-share analysis

All Workers

The CPS data suggest that even as the U.S. workforce grew older and better educated, the economy became less and less able to provide workers at every age and education level with a good job. **Table 3A** summarizes the basics of a more formal analysis that attempts to measure the degree to which the economy has lost its ability to generate good jobs. For each year (1979, 2007, and 2010), we divide the workforce into twelve education-and-age groups, based on the same age-and-education categories in Table 1. For each of these 12 groups, separately for each year, we calculate the share of workers with a bad job. In 1979, for example, 19.4 percent of workers with less than a high school degree and between the ages of 35 and 54 had a bad job. We also calculate the share of the workforce in each year that fell into each of these same 12 groups. In 1979, for example, 9.2 percent of all workers were in the group comprised of workers with less than a high school degree and in the 35-to-54 year-old age range. Within each year, the share of the 12 age-and-education groups sums to 100 percent, or the total workforce in the 18-to-64 age range. Note, also, that the bad-jobs rate for the workforce as a whole is simply the weighted average of the bad-jobs rate for each group, where the weights are each group's share in total employment.

This feature of the overall bad-jobs rate – that is simply the weighted average of the bad-jobs shares for the 12 age-and-education categories – allows us to examine the effects on the overall bad-jobs rate of changes in the age-and-education mix of the workforce. We can, for example, ask what the overall bad-jobs share would have been in 2010, if we had not had any age or educational upgrading after 1979. To do so, we simply take the age-and-education distribution of the workforce in 1979 (column one of Table 3A), rather than the actual 2010 age-and-education distribution (column five), and multiply it by the actual 2010 bad-jobs rates for the same age-and-education groups (column six).

TABLE 3A
Distribution of Bad Jobs, by Age and Educational Attainment, 1979-2010
(percent of employees, 18-64)

Education, Age	1979 Share of total workforce	1979 Share with bad job	2007 Share of total workforce	2007 Share with bad job	2010 Share of total workforce	2010 Share with bad job
Less than High school, 18-34	6.4	36.9	3.1	65.9	2.5	70.0
Less than High school, 35-54	9.2	19.4	3.9	46.6	3.5	50.3
Less than High school, 55-64	4.2	18.9	1.0	34.9	1.1	35.2
High school, 18-34	18.5	22.1	10.5	42.1	9.5	49.4
High school, 35-54	15.1	14.4	15.4	22.0	14.5	25.2
High school, 55-64	5.0	14.3	4.6	17.5	5.0	20.9
Some college, 18-34	13.1	24.5	11.0	38.0	11.1	43.5
Some college, 35-54	7.0	11.4	14.1	14.5	13.7	17.2
Some college, 55-64	2.0	12.9	4.4	12.7	4.9	13.9
College or more, 18-34	9.4	10.2	9.5	11.7	10.2	15.4
College or more, 35-54	8.3	6.0	17.1	6.4	17.6	7.1
College or more, 55-64	2.0	5.6	5.6	6.0	6.5	7.1
Total (actual)	100.0	17.7	100.0	22.1	100.0	24.4

Notes: Authors' analysis of March Current Population Survey.

As **Table 4** (top panel) shows, the resulting calculation suggests that if the economy had not experienced any educational upgrading at all between 1979 and 2010, the overall bad-jobs rate would have almost doubled from its actual 1979 rate of 17.7 percent to 33.9 percent (shaded cell in the first row). The 16.2 percentage-point increase in the bad-jobs rate that would have occurred in the absence of the age-and-education upgrading gives one estimate of the deterioration in the underlying capacity of the economy to generate good jobs.

We can also use the same data to ask a different question: what would the bad-jobs rate have been in 2010 if the economy had not lost any of its capacity to generate good jobs between 1979 and 2010? In this case, we use the actual distribution of workers by age and education in 2010 (column 5 of Table 3A), but substitute the corresponding rate of bad jobs held by each group in 1979 (column 2), when each group was less likely than today to have a bad job. As Table 4 (top panel) summarizes, if the economy had sustained the same capacity to produce good jobs that it had in 1979, the workforce upgrading that the economy did experience between 1979 and 2010 would have produced an overall bad-jobs rate of 14.1 percent in 2010 (shaded cell in the second row), compared to the actual rate of 24.4 percent. In other words, the "1979 economy" would have yielded a bad-jobs rate of 14.1 percent if it had had the more-experienced, better-educated workforce available in 2010.

TABLE 4
Effects of Aging Population and Educational Upgrading on Bad Jobs, 1979-2010
(percent of employees, ages 18-64, with a bad job)

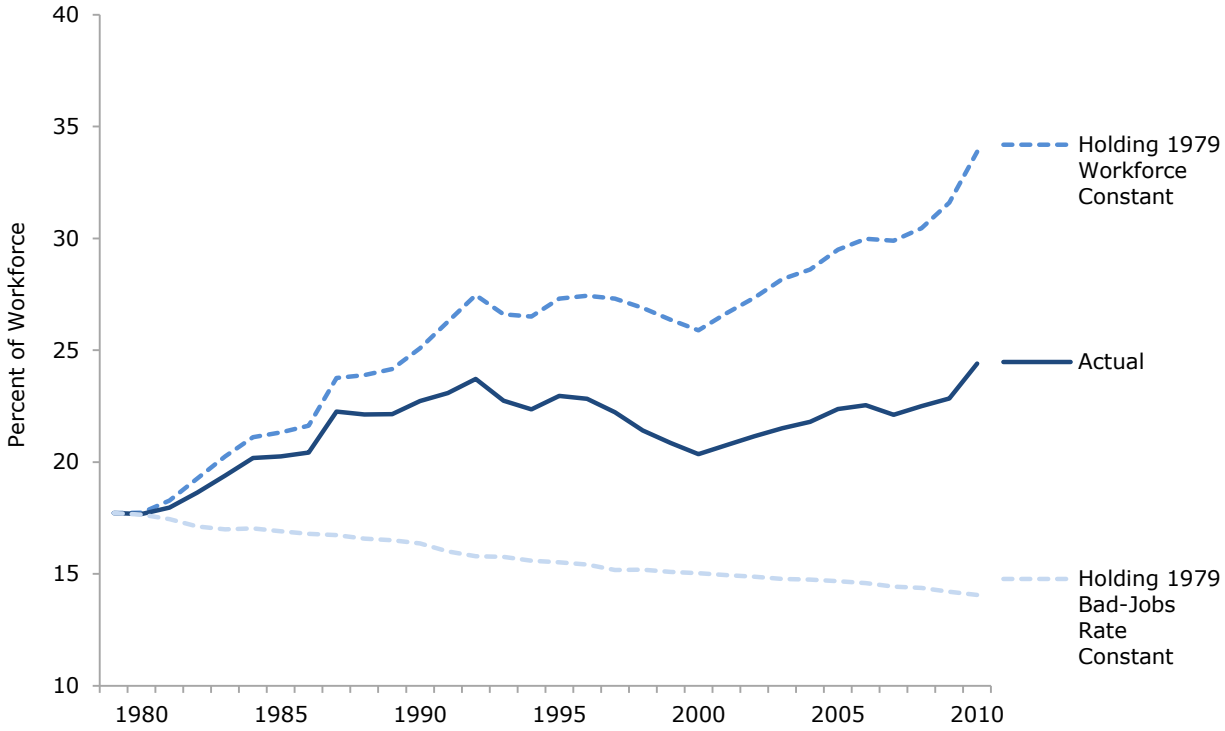
	Bad-Job Rates from:		
Workforce	1979	2010	Difference
(a)All			
1979	17.7	33.9	-16.2
2010	14.1	24.4	-10.3
Difference	-3.6	-9.5	
(b) Women			Difference
1979	25.2	38.3	13.1
2010	20.6	26.3	5.7
Difference	-4.6	-12	
(c) Men			Difference
1979	12.8	30.8	18.0
2010	9.8	22.8	21.7
Difference	-3.0	-8.0	

Notes: In each panel the entries on the main diagonal (for example, in panel (a), -17.7 and 24.4) give the actual bad job rates in 1979 and 2010 (from Figures 4 and Table 3A). The shaded, off-diagonal entries give counterfactual bad-job rates.

Figure 7 presents the results of these two simple exercises in graphical format. The solid line in the middle shows the actual share of the total workforce in a bad job in each year from 1979 through 2010 (this line is identical, though on a slightly different scale, to the line for all workers in Figure 4). The top line shows the predicted share of bad jobs if the age and educational structure of the U.S. economy did not change after 1979, that is, assuming that the workforce had not experienced any of the strong increase in age and educational attainment that actually took place after 1979. As the graph suggests, under these assumptions, the share of bad jobs would have increased steadily, almost doubling by 2010. The gap between the top and middle lines gives one measure of just how important the increase in age and educational attainment have been to counteracting the deterioration in the economy's ability to generate good jobs. If not for the age and educational upgrading that took place over the last three decades, about one-third of U.S. workers would have been in bad jobs by 2010, instead of about one-fourth.

The bottom line in the same figure shows the predicted share of bad jobs assuming that, for each year, workers in each age-and-education group had the same probability of having a bad job as they did in 1979. This line allows the workforce to grow older and more educated along the path actually followed by the economy, but allows those older and better educated workers to work in the "1979 economy," at least with respect to how the economy rewarded work experience and education. Under these assumptions, the steady increases in age and education would have driven the bad jobs rate down, from the actual 1979 rate of 17.7 percent to 14.1 percent in 2010. Instead, what happened is that even as workers grew older and better educated, the economy that they were working in shifted against them. The end result was that the bad jobs rate rose to 24.4 percent, more than 10 percentage points higher than it would have been if those same workers had been rewarded in the same way that they had been in 1979.

FIGURE 7
Bad-jobs Rate Under Alternative Assumptions about Workforce and Economy, All Workers, 18-64



Source: Authors' analysis of March Current Population Survey.

By Gender

Tables 3B and **3C** show the results of the same counterfactual analyses applied separately to women and men. As Table 3B and Table 4 (middle panel) demonstrate, if women had experienced no increase in age or education after 1979, the 2010 economy would have generated a bad-jobs rate for women of 38.3 percent, well above both the actual 1979 bad-jobs rate of 25.2 percent and the actual 2010 bad-jobs rate of 26.3 percent. If women in each year had been working in the "1979 economy," the actual rise in age and educational attainment would have lowered the bad-jobs rate to 20.6 percent. **Figure 8A** provides a graphical representation of these results.

Table 3C, Table 4 (bottom panel), and **Figure 8B** present the results of the same analysis for men. If men had experienced no increase in age or education after 1979, the 2010 economy would have generated a bad-jobs rate of 30.8 percent, more than double the actual 1979 bad-jobs rate of 12.8 percent and well above the actual 2010 bad-jobs rate of 22.8 percent. If men in each year had been rewarded as they had been in 1979, age and educational upgrading would have lowered the bad-jobs rate to just 9.8 percent.

TABLE 3B
Distribution of Bad Jobs for Women, by Age and Educational Attainment, 1979-2010
(percent of employees, 18-64)

Education, Age	1979 Share of total workforce	1979 Share with bad job	2007 Share of total workforce	2007 Share with bad job	2010 Share of total workforce	2010 Share with bad job
Less than High school, 18-34	5.2	42.5	1.9	69.6	1.6	75.3
Less than High school, 35-54	7.9	31.0	3.0	52.2	2.7	57.6
Less than High school, 55-64	3.4	33.5	0.9	39.6	0.9	36.8
High school, 18-34	20.9	28.2	8.8	48.7	7.6	54.9
High school, 35-54	17.4	23.5	14.4	26.9	13.2	29.3
High school, 55-64	5.6	21.4	5.1	22.0	5.4	25.4
Some college, 18-34	13.9	30.5	12.0	42.0	12.0	48.4
Some college, 35-54	6.8	20.8	15.5	18.0	15.2	20.7
Some college, 55-64	1.8	21.2	4.7	13.9	5.5	17.4
College or more, 18-34	9.5	13.2	11.1	12.1	11.6	16.4
College or more, 35-54	6.3	12.4	17.6	8.4	18.1	8.3
College or more, 55-64	1.4	10.1	5.1	6.7	6.2	8.8
Total (actual)	100.0	25.2	100.0	24.1	100.0	26.3

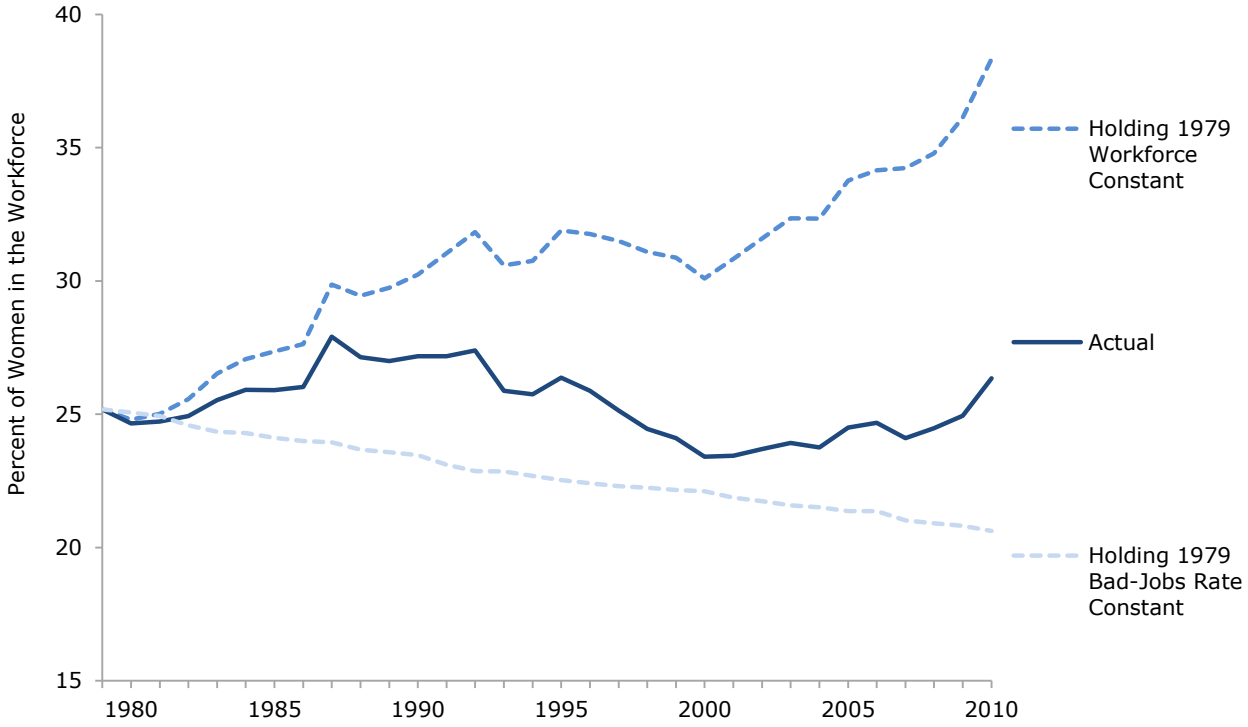
Notes: Authors' analysis of March Current Population Survey.

TABLE 3C
Distribution of Bad Jobs for Men, by Age and Educational Attainment, 1979-2010
(percent of employees, 18-64)

Education, Age	1979 Share of total workforce	1979 Share with bad job	2007 Share of total workforce	2007 Share with bad job	2010 Share of total workforce	2010 Share with bad job
Less than High school, 18-34	7.2	34.2	4.1	64.5	3.2	67.7
Less than High school, 35-54	10.0	13.4	4.7	43.6	4.1	46.3
Less than High school, 55-64	4.7	11.8	1.1	31.8	1.2	34.2
High school, 18-34	16.9	17.0	11.9	38.0	11.1	46.3
High school, 35-54	13.5	6.7	16.1	18.4	15.5	22.3
High school, 55-64	4.6	8.6	4.1	12.8	4.7	16.6
Some college, 18-34	12.6	20.0	10.3	34.3	10.4	38.7
Some college, 35-54	7.1	5.3	13.0	11.0	12.4	13.7
Some college, 55-64	2.1	8.1	4.0	11.5	4.4	10.1
College or more, 18-34	9.3	8.2	8.2	11.3	9.1	14.3
College or more, 35-54	9.7	3.3	16.6	4.8	17.1	6.0
College or more, 55-64	2.4	3.9	6.0	5.5	6.8	5.8
Total (actual)	100.0	12.8	100.0	20.5	100.0	22.8

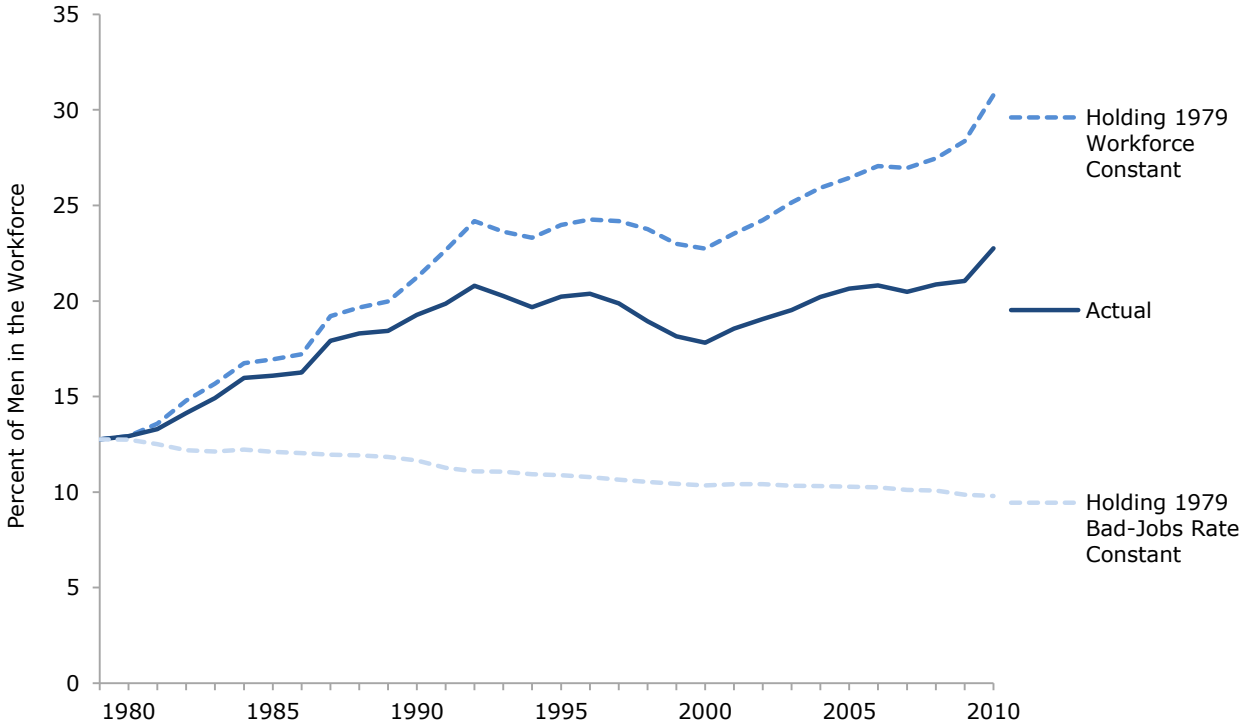
Notes: Authors' analysis of March Current Population Survey.

FIGURE 8A
Bad-jobs Rate Under Alternative Assumptions about Workforce and Economy, Women, 1979-2010



Source: Authors' analysis of March Current Population Survey.

FIGURE 8B
Bad-jobs Rate Under Alternative Assumptions about Workforce and Economy, Men, 1979-2010



Source: Authors' analysis of March Current Population Survey.

Conclusion

The U.S. workforce is substantially older and better educated than it was at the end of the 1970s. Given that older and better-educated workers generally receive higher pay and better benefits, we would have expected the share of bad jobs to have declined over the last three decades in step with these improvements in the quality of the workforce. On the contrary, the share of bad jobs in the U.S. economy has actually increased.

The standard explanation for the deterioration in the economy's ability to create good jobs is that most workers' skills have not kept up with the rapid pace of technological change. The data we present here, however, are hard to reconcile with the view that a higher reward for education and related skills is driving poor labor-market outcomes. Between 1979 and 2010, the share of workers with bad jobs, by our definition, increased for workers *at every education level*. Workers with less than a high school degree, only a high school degree, and those with some college (including associates degrees) were substantially more likely to be in a bad job in 2010 than they were in 1979. Even among workers with a four-year college degree or more, the share of workers in a bad job was slightly higher in 2010 than it had been three decades earlier.

The decline in the economy's ability to create good jobs, in our view, is related to a deterioration in the bargaining power of workers, especially those at the middle and the bottom of the pay scale. The restructuring of the U.S. labor market – including the decline in the inflation-adjusted value of the minimum wage, the fall in unionization, privatization, deregulation, pro-corporate trade agreements, a dysfunctional immigration system, and macroeconomic policy that has with few exceptions kept unemployment well above the full employment level – has substantially reduced the bargaining power of U.S. workers, effectively pulling the bottom out of the labor market and increasing the share of bad jobs in the economy.[13]

The experience of recent business cycles underscores the salience of bargaining power for job quality. Over the last three decades, the only period of rapid wage growth for workers at the middle and the bottom of the wage distribution took place between 1996 and 2000, when sustained low unemployment forced employers to offer higher wages in order to recruit, retain, and motivate workers at all pay levels. By contrast, the current sluggish recovery, accompanied by unemployment rates still in excess of eight percent, has generated job growth disproportionately concentrated in the lowest-paying occupations (Bernhardt, 2012).

13 For further discussion, see Baker (2007), Bernstein and Baker (2003), Bivens (2011), Mishel, Bernstein, and Shierholz (2009), and Schmitt (2009).

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