

Community Economics

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Labor Market Trends and Local Job Strategies ¹ by Ron Shaffer ²

The current public policy emphasis is individuals and families are personally responsible (generally through some form of working) for their well being. As previous social support systems change, it is particularly critical to understand changes in the labor market segments where welfare recipients are most likely to find work. While local labor markets will vary, national averages still give some sense of the general market conditions facing W2 recipients. These expected labor market conditions become important in designing local job creation strategies. This ***Community Economics Newsletter*** focuses on recent labor market trends among types of workers. Since most of the people affected by welfare reform will be women, it is particularly critical to compare labor markets for women to those for men and the aggregate.

A crude indicator of relative availability of jobs is comparing rate of change in population, labor force, and employment. To note the distinction among these terms: population is all people living in a locale; labor force is generally those over 16 years actively seeking work (employed and unemployed); and employment is the number of people actually working. There are two major data series on employment. They can differ because one counts jobs (full or part-time) and the other counts people working. So a person working two part-time jobs is counted twice in the first series and once in the second. I'm using the second.

Between 1970-95, the rate of growth in employment generally exceeded that of population and labor force (see Figure 1). Perhaps the most interesting aspect of these changes is how they differ by gender and race. Labor force participation rate is the portion of the population group (over 16) in the labor force. The changes in labor force participation rates (see Table 1) since 1975 indicates that the increased attachment to the labor force is a result of women's increased involvement even while men are less involved. This pattern appears for whites and blacks.

The most obvious appearance of the labor force and employment trend is declining unemployment rates. To the extent unemployment rates indicate labor market tightness, the unemployment rate for women has been below that of men since the early 80s (see Figure 2). This suggests relatively favorable labor market conditions for women.

When unemployment rates are disaggregated by race and gender, race is associated with a doubling of unemployment rates (see Figure 3).

¹Based on Rebecca M. Blank, 1995, "Outlook for the U.S. Labor Market and Prospects of Low-Wage Entry Jobs," in the *Work Alternative*, Demetra Smith Nightingale & Robert Haveman (eds.), Washington, D.C.: The Urban Institute.

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Table 2 displays Blank's summary of the importance of education to unemployment. Those with less formal education are much more vulnerable to periods of unemployment. Those with less than a high school education, regardless of gender, were almost five times more vulnerable than those with a college degree. They were 80% more likely to be unemployed than those with a high school degree.

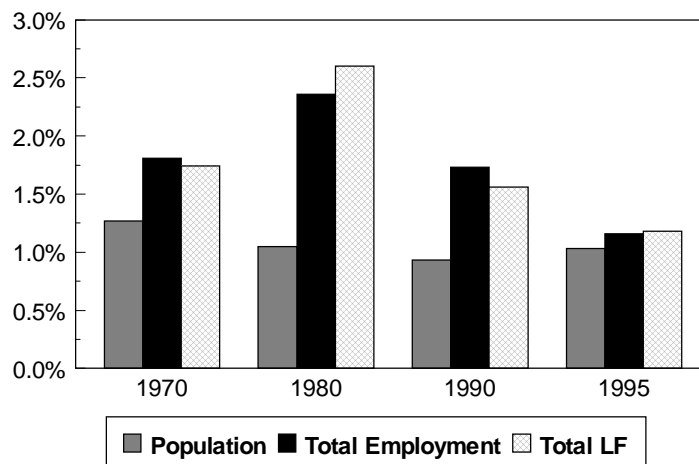
People of color, women, and those with less formal education are particularly vulnerable to unstable labor markets. These factors can gain even more importance when placed in a spatial context of where workers live and jobs are appearing. This is both an urban and rural phenomena. For most involved in community economic development, this represents nothing particularly new, but it does re-emphasize the need to build community employment strategies that pay extra attention to specific characteristics of the people targeted and the labor markets they face. The emphasis suggested here is the need to appreciate that despite generally favorable labor market conditions and tightness, as displayed by unemployment rates, the conditions for many are not nearly as robust.

Table 1
Labor Force Participated Rates by Gender and Race

Year	All	White		Black	
		Males	Females	Males	Females
1975	61.2	78.7	45.9	70.9	48.8
1980	63.8	78.2	51.2	70.3	53.1
1985	64.8	77.0	54.1	70.8	56.5
1990	66.4	76.9	57.5	70.1	57.8
1995	66.6	75.7	59.0	69.0	59.5

Source: **Economic Report to the President**, 1996, p. 322

Figure 1
Average Annual Growth Rates



Source: **Economic Report to the President**, 1996, p. 322

Figure 2
Male & Female Unemployment Rates: 1975-1995

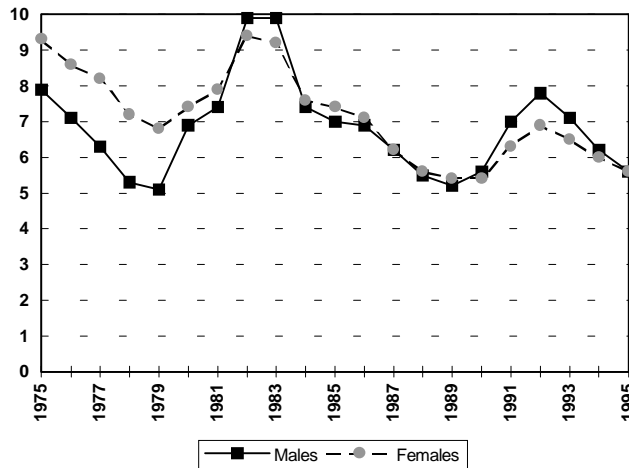


Figure 3
Civilian Unemployment Rate by Gender and Race

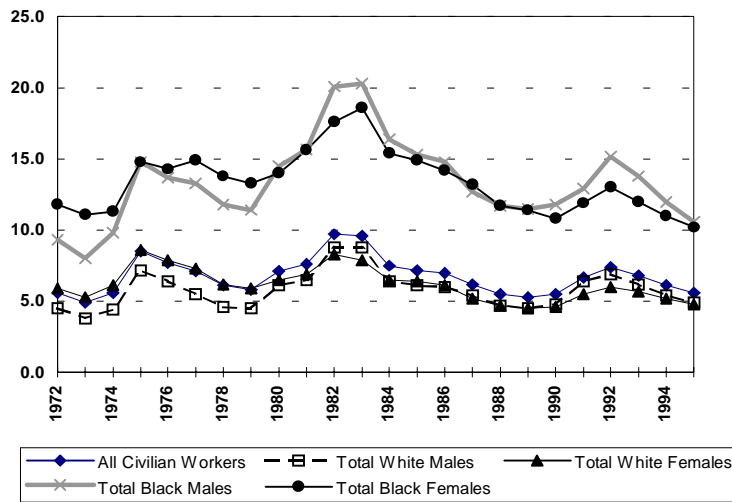


Table 2
Distribution of U.S. Unemployment Across Skill Levels

Education Level	Unemployment Rate (%)	Ratio of Unemployment Rates in Each Skill Group to Unemployment Rates among College-Educated Workers(%)		
		Total	Male	Female
Less than high school	16.3	4.9	4.8	4.8
High school degree	8.8	2.7	2.7	2.6
Some post-high school training	6.4	1.9	1.9	2.1
College degree or higher	3.3	1.0	1.0	1.0

Source: Tabulations from U.S. Bureau of the Census, Current Population Survey, March, 1992, by Blank.