

The July Review

Our annual review of producer price trends leads off this issue. Joseph Kowal, Antonio Lombardozzi, William Snyders, and Jonathan Weinlagen provide a minutely detailed analysis of the prices received by producers all along the processing chain. At the finished goods stage, prices rose at a rate not seen since 1990, driven mostly by prices for energy goods.

Julie Hatch Maxfield compares non-farm employment, hours, and earnings in 2005 to their analogs in March 2001. She finds that while jobs are more plentiful, there has been a measurable amount of shift from industries with longer work-weeks to industries with shorter weeks. As a result, aggregate payrolls have not recovered from the 2001 recession as much as employment or hourly earnings have.

Christopher C. Carbone rings up the changes in telecommunications employment through an era of rapid technological change, a major boom-and-bust cycle, and a shift toward wireless communication.

Brett Theodos and Robert Bednarzik use data from the Panel Study of Income Dynamics to analyze how often low-wage workers change earnings class. They find that there is a greater likelihood of increased earnings in general, and that working full time, remaining healthy, and receiving more education improve the likelihood of upward earnings mobility.

Working poor

The working poor rate—the ratio of the working poor to all individuals in the labor force at least 27 weeks—was 5.6 percent in 2004, a 0.3-percentage-point increase

from the prior year. Although working full-time (35 or more hours per week) substantially lowers a person's probability of being poor, a majority (58.4 percent) of the working poor usually worked full time. Still, full-time workers were less likely than part-time workers to be considered working poor: in 2004, 3.9 percent of all persons who spent 27 or more weeks in the labor force and usually worked full time were classified as working poor, compared with 11.6 percent of usual part-time workers.

Achieving higher levels of education dramatically reduces the likelihood of being among the working poor. Individuals with higher levels of education have greater access to higher paying jobs, such as management, professional, and related occupations, than do those with lower education. In 2004, the working-poor rate for college graduates was 1.7 percent, the lowest by education level. Persons with less than a high school diploma were those most likely to be among the working poor (15.2 percent); having a high school diploma or equivalent, but no college, reduced the working-poor rate to 6.5 percent.

Type of occupation also has an impact on the incidence of working poor. For example, management, professional and related occupations had the lowest working-poor rate—1.9 percent. By contrast, the proportion of workers classified as working poor was highest for those employed in service occupations; at 11.2 percent, their rate was twice the average for all workers. Individuals who had worked in natural resources, construction, and maintenance occupations also had an above-average working-poor rate—7.3 percent. For more information, see “A Profile of the Working Poor,” 2004, BLS Report 994.

Health benefit costs

The average cost for health benefits was \$1.72 per hour worked in private industry (6.9 percent of total compensation) in March 2006. Among occupational groups, employer costs for health benefits ranged from 77 cents per hour and 6.2 percent of total compensation for service workers to \$2.50 and 5.6 percent of total compensation for management, professional, and related occupations.

Among other occupational categories, employer costs for health benefits averaged \$1.49 (7.5 percent) for sales and office occupations, \$2.15 (7.7 percent) for natural resources, construction, and maintenance occupations, and \$1.91 (9.0 percent) for production, transportation, and material-moving occupations. To learn more about employer costs for employee compensation and benefits, see “Employer Costs for Employee Compensation—March 2006,” news release USDL06-1049.

Coming soon in MLR

Next month, we are planning a special issue on the first anniversary of Hurricanes Katrina and Rita. The issue features articles on disaster-related labor force changes, BLS program responses to data collection and estimation challenges in the aftermath, and the nature of the coastal economy at risk in such disasters. □

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www.bls.gov/bls/newsrels.htm.