

Understanding Your Local Labor Market: Low-Wage Workers

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U S C E N S U S B U R E A U

Overview

- Background
- Definitions
- Basic Facts
- Results
- Next Steps

U S C E N S U S B U R E A U

Background

- Project is funded by Rockefeller/Sage
- Researchers: Andersson, Holzer & Lane
- Participating states: CA, FL, IL, MD, MN, NC & TX
(We return state-specific results)
- Key Questions:
 - To what extent do low-wage workers experience enough earnings growth to transition out of low-wage status?
 - How do low-wage workers transition out of low-wage status (e.g. the importance of changing jobs)
 - How do these patterns differ by demographic group?

Defining Low-Wage Work

- We focus on workers, 25-54 years old, who are attached to the labor force.
- Low earnings: If total annual earnings $<$ \$12,000 (1998 dollars) in current, previous and subsequent year.
- Non-low earnings: If total annual earnings $>$ \$15,000 in current, previous and subsequent year.
- Else “Partially low earnings”
- Comparisons with CPS.

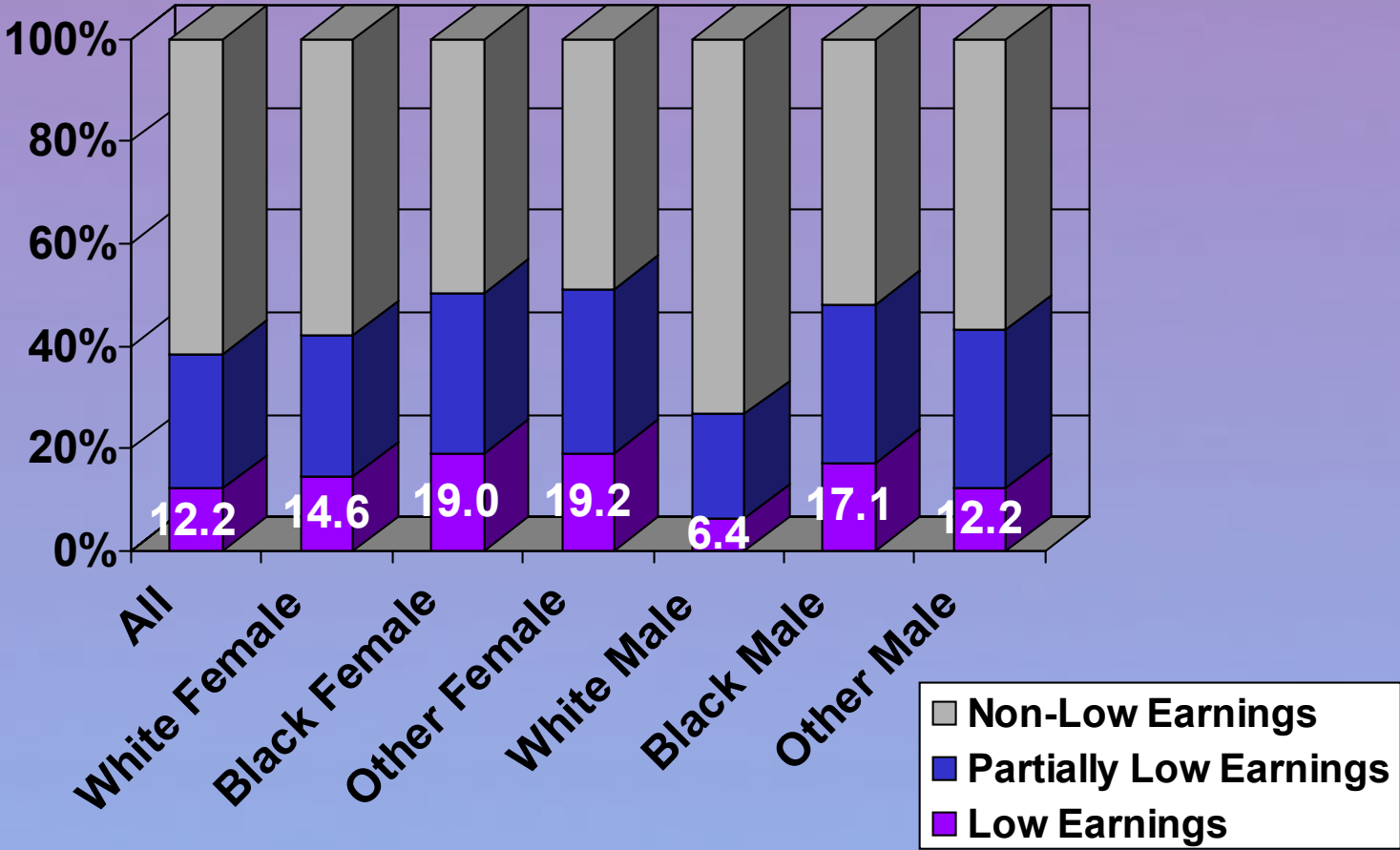
Basic Facts

Who are the low-wage workers?

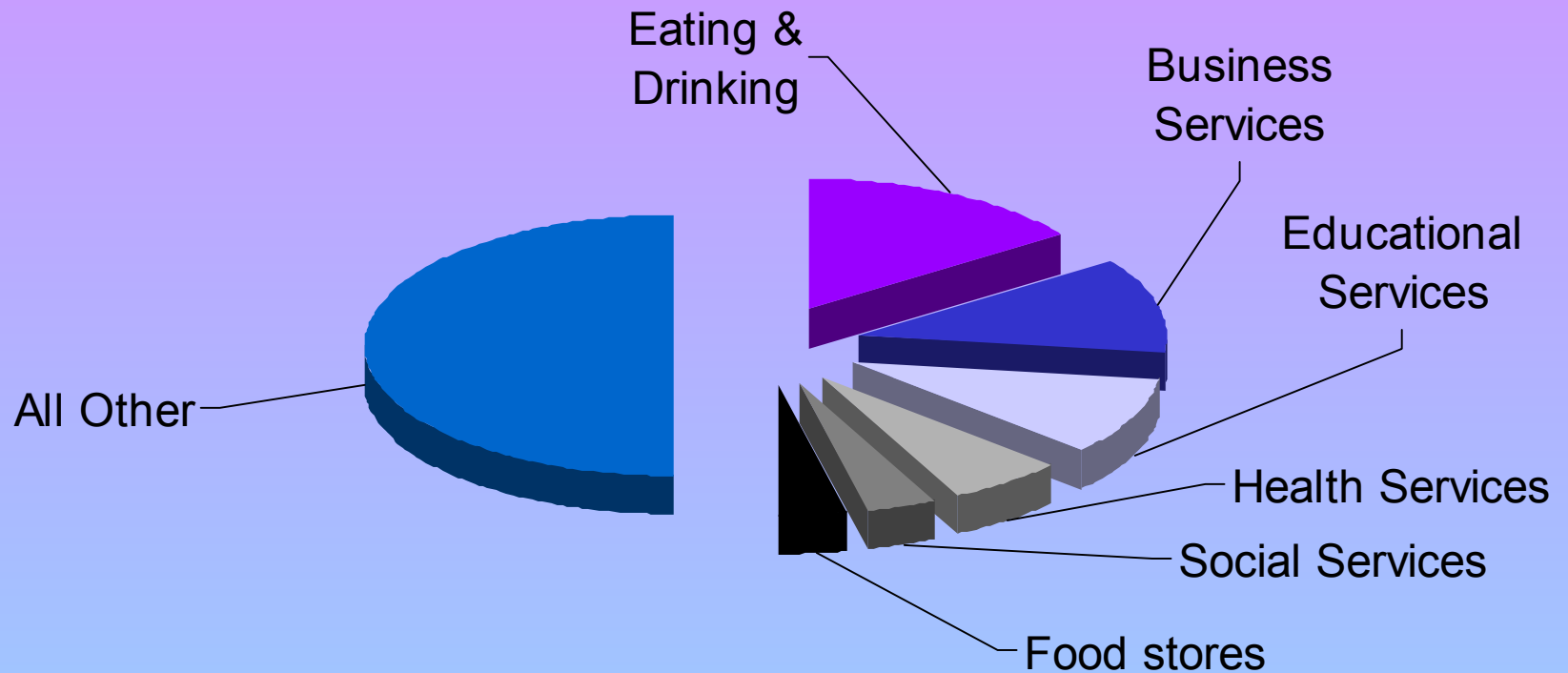
Where do they work?

How frequent are transitions out of
low-wage work?

Fraction of Workers with Low Earnings by Demographic Group



Low-Wage Workers are Concentrated in a Few Industries!

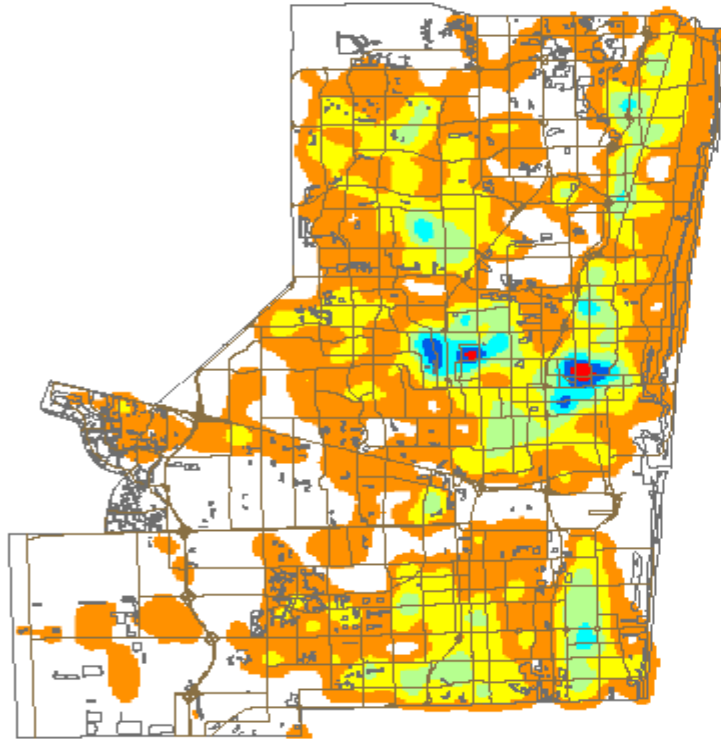


Low-Wage Workers are Geographically Concentrated!

Broward County, Florida (1998)

Low wage workers by place of residence

High wage workers by place of residence



Density per square mile

Major Roads

<VALUE>

0 - 100

100.1 - 300

300.1 - 500

500.1 - 700

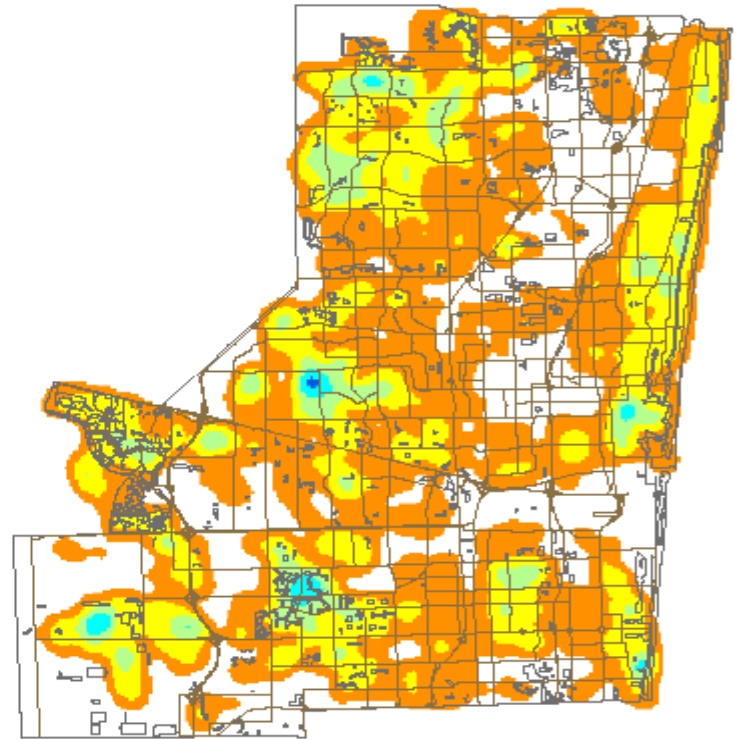
700.1 - 900

900.1 - 1,100

1,100.1 - 1,300

U. S. Census Bureau
Longitudinal Employer Household Dynamics

Florida Agency for Workforce Innovation
Labor Market Statistics



Density per square mile

Major Roads

<VALUE>

0 - 100

100.1 - 300

300.1 - 500

500.1 - 700

700.1 - 900

900.1 - 1,100

1,100.1 - 1,300



How Frequently do Workers Escape Low Earnings?

- Of all workers who have low earnings, about 50% have low earnings in the subsequent period and about 7% have non-low earnings.
- What can we learn by comparing the experiences of those who escape low earnings with those who don't?

The Importance of Changing Jobs, Industries and Location: Some Facts

- Over three-fourths of those who completely escape low earnings do so by changing jobs.
- Nearly half of the successful transitions are associated with a change in industry.
- Job changers are twice as likely to escape low earnings as job stayers.
- Job stayers are more likely to escape low earnings at certain kinds of employers.
- Low-wage workers face different local labor markets depending on where they live.

Further Information and Next Steps

- Go to <http://lehd.dsd.census.gov> to find out more about the Low-wage project!

Next Steps:

- What are the business cycle effects?
- Focus on Welfare recipients
- Spatial Mismatch
- Marginal firms – which kind of employers are “stepping stones” vs. “low-wage traps”?