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Four Years Into Recovery, Low-Wage Work Dominates

New Report Shows Unbalanced Private-Sector Growth, Declining Job Opportunities for Millions of Workers

New York—Low-wage job creation was not simply a characteristic of the first phase of the recovery, but rather a pattern that has persisted deep into the nation's rebound, a new report by the National Employment Law Project (NELP) shows.

Job growth remains concentrated in lower-wage industries, where employment now exceeds pre-recession levels by almost 1.9 million. Today, there are nearly 2 million fewer jobs in mid- and higher-wage industries than there were before the recession hit. The bottom-heavy growth in industries such as administrative and support services, food services, and retail, which pay median wages below $13 an hour, means that workers do not have the same opportunities they had prior to the recession.

"It's looking more and more like the low-wage economy is the new normal," said **Mike Evangelist, a policy analyst at the National Employment Law Project**, who authored the report. "Unemployed workers, new labor market entrants, and individuals looking to move up the career ladder are getting left behind."

NELP's analysis looks at 14 private economic sectors, broken into 85 detailed industries in three distinct wage brackets, and finds that while job losses during the recession were heaviest in mid- and higher-wage industries, job growth since then has been dominated by lower-wage industries. Specifically:

- **Lower-wage industries** accounted for 22 percent of job losses during the recession, but 44 percent of employment growth over the past four years. Today, lower-wage industries employ 1.85 million more workers than at the start of the recession.

- **Mid-wage industries** accounted for 37 percent of job losses and 26 percent of recent employment growth. There are now 958,000 fewer jobs in mid-wage industries than at the start of the recession.

- **Higher-wage industries** accounted for 41 percent of job losses and 30 percent of recent employment growth. There are now 976,000 fewer jobs in higher-wage industries than at the start of the recession.

The picture is starkly different from the recovery following the 2001 recession, when lower- and higher-wage industries accounted for a near-equal share of job growth. The imbalance is exacerbated because lower-paying jobs have seen the biggest drop in their real wages during the recovery.

The report's release coincides with rising concern about the wage crisis that is front-and-center on the national agenda and in states and communities around the country. Low-wage workers in industries like fast food and retail are taking action to demand higher pay, and several states have raised their minimum wages to more than $10 per hour, while a number of cities are considering even larger increases. The U.S. Senate is also poised to begin consideration of a bill to raise the federal minimum wage, stuck at $7.25 an hour, to $10.10 an hour with automatic cost-of-living increases and a fix for the egregiously low tipped worker wage. Economists project that increasing the federal minimum wage to $10.10 would give 28 million workers a raise and pump $22 billion into a consumer-dependent economy being dragged down by swelling numbers of low-wage jobs.

“The replacement of high-wage and mid-wage jobs with low-wage jobs underscores the need for a boost in wages in the lowest-paying occupations,” said Evangelist. “Low-paying jobs are becoming the core of the American economy—but it’s not a foregone conclusion that jobs in retail, food service, and similar occupations must be so poorly compensated.”

Click here for a copy of The Low-Wage Recovery: Industry Employment and Wages Four Years into the Recovery.

*The **National Employment Law Project** is a non-partisan, not-for-profit organization that conducts research and advocates on issues affecting low-wage and unemployed workers. For more about NELP, visit www.nelp.org.*

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