Are Good Jobs Disappearing in Minnesota?

by Dennis A. Ahlburg, Yong-Nam Song, and Scott Leitz

The polarization of national income distribution at the lowest and highest ends of the scale has become increasingly apparent since the 1980s. After a period of strong growth in the 1960s and 1970s, average real earnings in the United States have stagnated. Poverty rates, in decline since the mid-1960s, have begun to climb. Between 1973 and 1992, the poorest 10 percent of Americans suffered an 11 percent drop in their real income, while the richest 10 percent enjoyed an 18 percent increase. These changes at the extremes of the income distribution are cause for concern, but what of the households in between? Has polarization coincided with the erosion of “good jobs” at the center? Comparing evidence for Minnesota from the 1980 and 1990 censuses, our study addressed the fear that good jobs are disappearing. Because the focus of our study was the particular question whether a job—not all the jobs held by members of a household—can support a household, we looked at job trends among heads of households (or “householders”).

What is a Good Job?
The quality of a job depends on many characteristics, and is subject to many definitions. Is it challenging? Does it use a person’s skills? Is there a reasonable chance for promotion? And, of course, does it pay well? This last characteristic—level of income—is perhaps the least disputed element of a good job, and it forms the basis of our definition.

At a minimum, a good job might be defined as a job that sustains a household at or above the poverty level. In 1993, for a single-earner, four-member household, a job paying at the poverty level would provide an annual income of $14,350 ($5,510 more than a job paying the minimum hourly wage of $4.25). Yet few would consider a job that barely keeps a household out of poverty a good job. We therefore studied trends in jobs paying 150, 200, and 300 percent of the poverty level, as well as those that paid at (100 percent of) the poverty level. Supported by several other studies, we defined a good job as one paying 150 percent or more of the poverty level.

Our general conclusion was that while there was a decline in the percentage of Minnesota households holding good jobs, the decline was relatively small. Claims of a disappearance of the middle class are grossly exaggerated. There are, however, some areas of concern. First, the small drop from 1980 to 1990 in the proportion of employed householders holding good jobs (from 74 to 71 percent) translates into 33,000 householders, a sizable number of people. Second, certain factors that are not related to an individual’s productivity—for example, sex and race—had a significant impact on a household’s ability to get any job, and on his or her earnings from that job.

Who Has a Good Job?
The prototypical holder of a good job in 1990 was male, white, lived in the seven-county metropolitan area, was in a white-collar occupation, had no disability, and spoke English well. Each year of education and, to a lesser extent, experience enhanced the jobholder’s income. These factors proved the most valuable in securing the two basic elements of a good job: actual employment and a sufficient income. All other factors remaining equal, how could a change in any one of these factors affect a person’s chances of holding a good job?
Asians saw their chance of getting a good job deteriorate during the 1980s.

Sex

Our study showed that the "gender gap" between men and women remains significant, having changed little over the 1980s. In 1980, a female householder was 13 percent less likely than a male to hold a job paying at or above the poverty level; in 1990, she was still 11 percent less likely to hold such a job. The difference between women and men was even larger for higher paying jobs. Female householders in 1990 were 16 percent less likely than male householders to hold a job paying 150 percent or more of the poverty level, holding other factors such as education or experience constant.

Race

The impact of race remained significant over the 1980s. Holding all other factors constant, the overall position of Blacks and Native Americans as compared to Whites showed little change over the decade. And Asians, also as compared to Whites, suffered declines at all income levels. This decline is perhaps attributable to changes in Asian immigration: newer immigrants are younger, with less education and experience. Figure 1 shows these racial patterns in jobs paying 150 percent or more of poverty level income.

Both Black men and women were less likely than Whites to be employed in 1990. But whereas the relative earnings of Black men, as compared to White men, improved slightly, those of Black women declined from 19 to 33 percent less than those of White women. The relative employment of Native American men and women, again as compared to Whites, held steady over this period. But the relative earnings of Native American women fell from 32 to 55 percent less than those of White women, while earnings of Native American men improved slightly as compared to those of White men.

Geographic Location

Householders in the seven-county metropolitan area fared better than those in the rest of the state, and their advantage at higher income levels increased (Figure 2). In 1980, metropolitan area householders were 12 percent more likely than those living elsewhere to hold a job paying 150 percent or more of the poverty level; that differential increased to 16 percent in 1990. These differences between metropolitan and nonmetropolitan area householders seem largely attributable to earnings differentials, since the effect of geographic location on the probability of employment was slight. In fact, the metropolitan area
advantage in probability of employment declined slightly from 1980 to 1990. Yet over the same period, the earnings of metropolitan area householders climbed to 30 percent more than those of their non-metropolitan counterparts.

**Education and Experience**

Education proved particularly significant in increasing the earnings of Minnesota householders in 1990, even more so than in 1980. In 1990, for each year of education completed, the probability of a household holder holding a job paying 150 percent or more of the poverty level increased by 3 percent. Education markedly affected earnings, especially for single female householders. A single female’s earnings in 1990 increased 10 percent for each year of education; for males, each year of education represented a 6 percent increase in earnings (Figure 3). For women, the benefit of each year’s education in obtaining a job doubled from 1980 to 1990. While experience was not a significant factor in getting a job, all householders enjoyed a 4 percent increase in earnings for each year’s experience in 1990.

**Occupation**

White-collar workers were most likely to hold a good job in 1990, followed by blue-collar, service, and farm workers (the small number of farm workers, however, made data on their earnings erratic). Although the service sector was a growth area over the 1980s, those in service occupations were far less likely to hold a good job than white-collar workers (20 percent less likely). Blue-collar workers fared better than service workers, but they also were less likely than white-collar workers to hold a good job in 1990 (6 percent less likely). The earnings of blue-collar workers as compared to those of white-collar workers declined over the 1980s.

**Disability**

The presence of a disability made it substantially more difficult to hold a good job in 1990, and the impact on earnings was far more pronounced than the impact on employment. While the effect of a disability on the probability of employment showed relatively minor changes, disabled male householders earned 24 percent less than their non-disabled peers in 1990 (a drop from 19 percent in 1980). And disabled female householders suffered an even more severe decline in relative earnings, from 28 to 41 percent less than a non-disabled person.

**English Language Skills**

For the small percentage of Minnesota householders who do not speak English well (less than half of 1 percent), there is a sizeable penalty in the job market: these householders were 8 percent less likely in 1990 to hold a job paying 150 percent or more of the poverty level. This penalty has, however, declined since 1980. And the impact was more significant on earnings than on employment. Male householders who did not speak English well earned 15 percent less in 1990 than those with good English language skills. For single female householders, not possessing good language skills carried an 18 percent penalty on earnings.

**Conclusions**

Although we concluded that good jobs in Minnesota have not disappeared, a sizable number of households were adversely affected over the 1980s. Our study identified several factors that appeared to influence a householder’s ability to hold a good job. First, both the race and sex of the householder had a significant impact. Householders in the metropolitan area had a much better chance of holding a good job, as did those in white-collar occupations. Education conferred a marked benefit on earnings. The presence of a disability made it even harder over the 1980s for a householder to earn a good income from his or her job.

What are the policy implications of these conclusions? First, it seems apparent that more attention should be paid to the factors of race, sex, and disability, and the reasons behind the negative effects associated with these factors. Do these negative effects represent ongoing discrimination or differences in productivity-related attributes that are not measured by census data? Second, there is a clear need to invest in human capital: education in particular, but also English language skills and work experience. Finally, nonmetropolitan workers seeking good jobs are at an increasing disadvantage, and their disadvantage is largely a matter of earnings, not employment. The metropolitan area advantage is thus not the product of better employment prospects, but of better-paying jobs.

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This article presents a summary of the full report, Are Good Jobs Disappearing? Evidence for Minnesota from the 1980 and 1990 Censuses, the third in a series on What the 1990 Census Says About Minnesota that is being published by CURA. Readers interested in more detail can order a copy of the full report free-of-charge on the order form in this CURA Reporter or by calling 612/625-1551.