



THIRD WAY



New Data Show Job Disruption is Not Job Destruction

By: Dave Brown and Ryan Bhandari

Despite continuing economic expansion, a majority of Americans still carry economic anxiety. Their worry: in the face of rapid economic change, will they and their kids be able to earn a good life? Third Way's recent memo proposes an answer to this anxiety in a new social contract for the Digital Age. The memo shows that new jobs in America are not spread evenly enough across the country, that it's too hard to get skills to succeed in work, and that the benefits of work are inadequate for too many. Simply put, opportunity is not reaching enough people in enough places.

Newly released data from the Department of Labor provide new insights into this concentration of opportunity. The Occupational and Employment Statistics dataset shows employment and median wages for hundreds of US occupations across the country. The 2017 dataset was just released this month and reveals that serious disruption is rippling through parts of the economy. It also shows disruption is not the same as job destruction, as jobs are continuing to grow overall. Here are three takeaways:

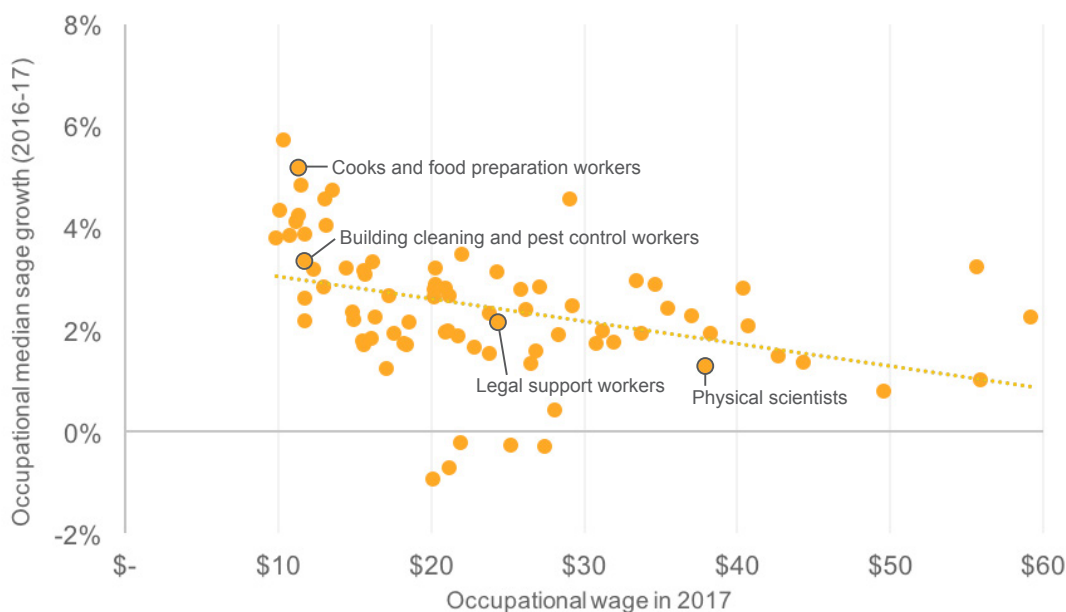
1. Low-paying jobs had impressive wage growth in era of job disruption.

For decades, the U.S. labor market has been plagued by stagnating wages for workers on the lower end of the spectrum. From 2016 to 2017, however, the median wage of lowly paid occupations saw faster wage growth than occupations further up the ladder.

In the chart below, each dot represents one occupational category. The horizontal axis represents the occupation's median wage in 2017. The vertical axis represents how much the occupation's median wage grew from the previous year. For example, cooks and food preparation workers, saw their typical wage rise 5.2%, from \$10.80 to \$11.36.

Low-paying jobs saw faster wage gains

Median wage growth from 2016 to 2017 by occupation



NOTE: With inflation at 1.8%, most occupations experienced real median wage growth in 2017. All occupational groups in this chart and all charts in this report are based on “minor” occupational level.

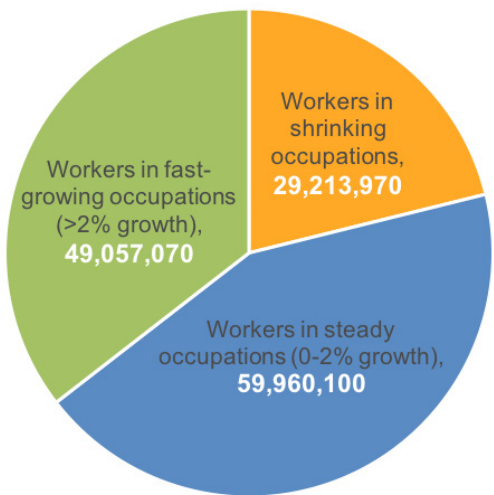
Large wage increases among low-paying jobs is good news. But it remains the case that low-wage jobs occupy a large portion the employment spectrum, and that's a problem. The two most common occupations in the country, retail sales and food service, typically pay \$10.77 and \$9.86 an hour, respectively. Combined, more than 15 million individuals work in these two fields. A recovering economy, on its own, isn't enough to provide these workers the opportunity to earn a good life. To help them and millions of others, America must enact policies to redesign the pay and benefits of work as part of a new social contract. We recommend starting with a regionally based minimum wage hike and a working wage break so that workers keep more of their earned income.

2. Despite disruption, four of five jobs are in growing professions.

Much of the economic debate these days centers on occupations that are supposedly declining or will decline in the future due to technology and automation. Looking at the OES data, it is worth highlighting that 79% of workers are in job fields that grew in number, either at a moderate pace of 0-2% or at a faster pace. Of course, occupations that are growing are still subject to disruption: many workers in these fields will need to acquire new skills to match their changing profession. However,

the data remind us that overall demand for labor in America is strong and growing.

Most workers are in growing job fields

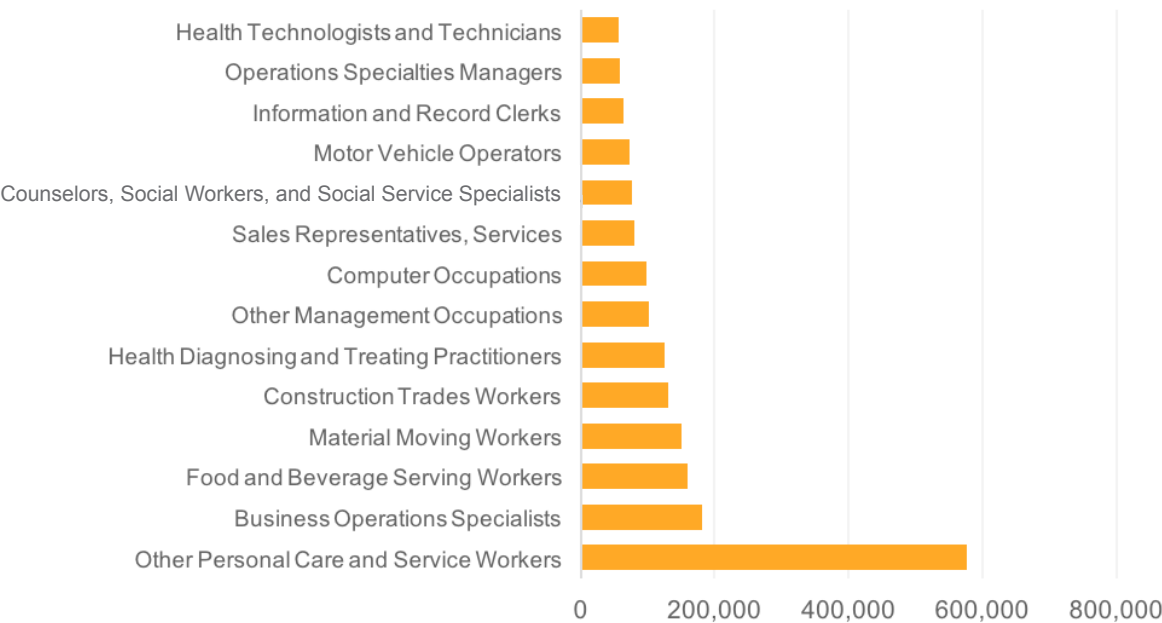


3. Office workers are bearing the brunt of job disruptions.

What stands out about new jobs: they are increasingly in human-to-human interaction. “Other personal care and service workers” was by far the category with the largest increase. That includes childcare workers, personal care aides to elderly and disabled persons, and fitness instructors, among other occupations. What does that mean? In building the perfect 21st century worker, whether through apprenticeships or K12 or postsecondary education, we must not neglect personal skills and job-specific skills in these growing fields.

Personal care and service jobs are rapidly expanding

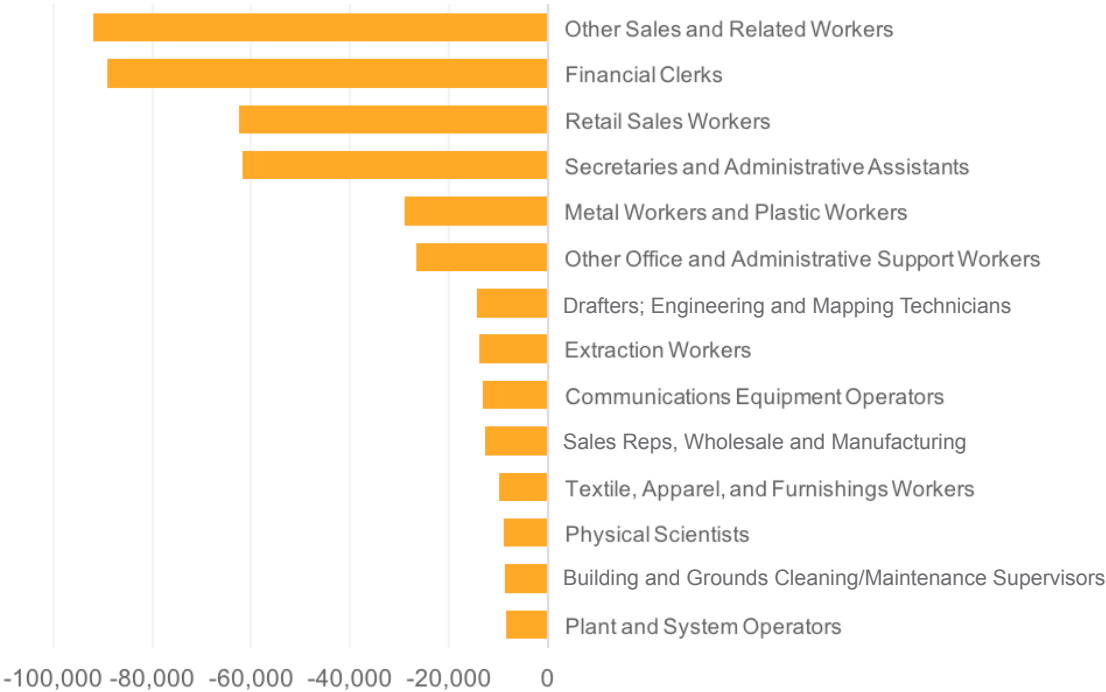
Occupations with largest job gain (2016 to 2017)



Even though there's overall cause for optimism for the American worker, a closer look at shrinking occupations illuminates who needs help. First, the four occupations with the greatest employment drop are in services—sales, finance, administration, and retail—not production. In other words, technology's reach in 2017 disrupted more workers in the office than it did in the factory. Still, there is job loss among some expected occupations (textile workers and metal workers, for example) and among some unexpected ones, like physical scientists.

Sales and clerical jobs subject to disruption

Occupations with largest job loss (2016 to 2017)



Among the full range of workers disrupted by economic and technological change, many will need help acquiring new skills and transitioning to new, in-demand work. Some skills will transfer, but the list of highest-growth occupations shows the skills required are also different. For those adversely affected, we'll need a modern program to help them take the next step in their career. We've proposed replacing unemployment insurance with reemployment insurance, a new system that provides not only temporary income but also grants for training or vouchers for those who want to move.