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Policy solutions that work for low-income people

## THE INVOLUNTARY PART-TIME WORK AND UNDEREMPLOYMENT PROBLEM IN THE US

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## EXECUTIVE SUMMARY:

More than 10 years after the Great Recession of 2007-2009, media stories were reporting a healthy, robust economy with lower unemployment and underemployment. The U.S. Bureau of Labor Statistics (BLS) uses a single indicator of underemployment, those who work part-time (considered fewer than 35 hours per week) but who want and are available to work full-time (35 or more hours). This proportion remained high many years into the recovery, peaking at over 6 percent in 2009, dropping only gradually to under 4 percent after 2016. However, this single statistic has masked the breadth, severity, and persistence of underemployment within the US economy. We create a measure of underemployment broader in scope, which includes *any part-time worker who prefers more work hours, not just those who want a full-time job*, that we are calling the “part-time underemployed.” Using this more inclusive measure, we find the rate of underemployment to be higher—from 8 to 11 percent, in 2016, double the rate of the narrower BLS measure. Thus, about one in very ten workers in the US labor market were underemployed part-time workers. This figure is climbing again in the Spring of 2020, due to the crisis in labor markets spurred by the COVID-19 pandemic. This report provides clues for the likely incidence and harms of more widespread underemployment.



# UNDEREMPLOYMENT DISPROPORTIONATELY AFFLICTS PEOPLE WHO HAVE BEEN HISTORICALLY MARGINALIZED AND WITH ECONOMIC INSECURITY

Using these broader measures, our study finds that 4 in 10 part-time workers prefer more hours of work, compared to wanting the same or fewer hours. We also find a higher rate of part-time underemployment among the following groups, as a share of total employment:



- **BLACK AND LATINX WORKERS.** 14 percent of Latinx workers and 12 percent of Black workers, compared to 7 percent of white workers. (Note: While the dataset we analyzed used Hispanic, we refer to this population throughout the paper as Latinx.)
- **YOUNGEST AND OLDEST WORKERS.** 21 percent of workers age 26 and under and 15 percent of those age 65 and over, while underemployment is no less than 6 percent for any one age bracket.
- **WOMEN AND PEOPLE WHO ARE NOT MARRIED.** 11 percent of women, compared to 7 percent for men, 14 percent of non-married workers, compared to 5 percent of those who are married.
- **WORKERS IN THE LOWEST THIRD OF FAMILY INCOMES.** 21 percent for workers in the lowest third of family income, compared to only 4 percent of people in middle/higher income levels.
- **WORKERS PAID HOURLY.** 12 percent of hourly paid part-time workers, which is in stark contrast to only 2 percent of those paid a salary.
- **WORKERS WITH VARIABLE WORK SCHEDULES.** 15 percent of workers with variable schedules vs. 7 percent of those with fixed work schedules.
- **WORKERS IN CERTAIN INDUSTRIES.** 15 percent in leisure/other services; 13 percent in education/health services; 12.5 percent in transportation; and, 9 percent in wholesale/retail trade.
- **WORKERS IN RELATIVELY LOWER WAGE OCCUPATIONS.** 21 percent in service jobs; 12 percent in transportation/materials moving; and, 10 percent in sales and related jobs.

# **PART-TIME WORKERS FACE BARRIERS TO GETTING MORE, DESIRED WORK HOURS—WHICH COMES AT A HIGH COST TO THEIR WELLBEING AND THAT OF THEIR FAMILIES AND EMPLOYERS**

Underemployment may be particularly pernicious for part-time workers, relative to both people working full time and those who voluntarily choose to work part time. Underemployed, part-time workers experience adverse harmful consequences including:

<b><u>LOWER SATISFACTION WITH THEIR JOBS AND FINANCIAL SITUATIONS,</u></b>	<b><u>SOMEWHAT GREATER WORK STRESS,</u></b>	<b><u>HIGHER WORK-FAMILY TIME CONFLICT.</u></b>
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# BY IMPLICATION, UNDEREMPLOYED PART-TIME WORKERS EXPERIENCE THE HARDSHIPS AND CONSTRAINTS ASSOCIATED WITH SYSTEMIC DECLINES IN JOB QUALITY

While this report does not establish the reasons for higher underemployment, we believe these patterns of underemployment may be tied to ongoing structural changes in low-wage labor markets, such as domestic outsourcing, scheduling technologies, or shifting bargaining power and de-unionization. At least partially, these changes are likely driving the pervasiveness and high concentrations of part-time workers' underemployment in service, transportation and sales occupations and in industries such as retail, hospitality, food service, and other services. These are the fastest growing job sectors. Furthermore, these low-wage job sectors disproportionately employ women and people of color. This concentration may be due in part to the pervasiveness of systemic racism and ongoing racial and sex discrimination in the labor market.<sup>1</sup> Moreover, most of these relatively lower-wage jobs may tend to have impediments to financial security and work-family balance. Such jobs provide few benefits, offer limited access to paid leave, unstable work hours and schedules, and restrict paths to advancement or career growth.<sup>2</sup>

In response, we offer a wide range of policy recommendations to curb some of the causes and harms of underemployment. These potential solutions would safeguard and promote the economic security of underemployed part-time workers. Many of these policies are critically needed due to the impending recession sparked by the pandemic, which is further exposing the harms created by inaction and the absence of such policies. These policies should be adopted immediately. Our recommendations:

- 1. EXPAND FAIR WORKWEEK LAWS:** State and local governments have passed laws addressing unstable and unpredictable scheduling practices.<sup>3</sup> They include provisions ensuring that large employers give employees a minimum advance notice of their schedules and are compensated for late changes to their schedules or for having less than a minimum rest time between shifts; *The federal Schedules That Work Act parallels many of these fair workweek laws.*<sup>4</sup> Such laws contain other key provisions, including:
  - **Access to Hours:** Requirements that large employers offer newly available work hours first to qualified, existing part-time workers before hiring new employees, temps, or subcontractors. Should covered employers instead hire new employees, contract, or temp workers first, they would have to compensate the existing employees.<sup>5</sup>

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1 Jhacova Williams and Valerie Wilson, "Black workers endure persistent racial disparities in employment outcomes" Economic Policy Institute, August 27, 2019. <https://www.epi.org/publication/labor-day-2019-racial-disparities-in-employment/>; Christian E. Weller, "African-Americans Face Systematic Obstacles to Getting Good Jobs". Center for American Progress, December 5, 2019 <https://www.americanprogress.org/issues/economy/reports/2019/12/05/478150/african-americans-face-systematic-obstacles-getting-good-jobs/>; and D. Pager Western B, Bonikowski B. "Discrimination in a Low-Wage Labor Market: A Field Experiment." *Am Sociol Rev.* 2009;74(5):777-799. doi:10.1177/000312240907400505 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2915472/> Nina Banks. "Black Women's Labor Market History Reveals Deeply Seated Race and Gender Discrimination." Economic Policy Institute, February 2019. Cary Funk and Kim Parker. "Gender Discrimination Comes in Many Forms for Today's Working Women." Pew Research Center, December 2017. <https://www.pewresearch.org/fact-tank/2017/12/14/gender-discrimination-comes-in-many-forms-for-todays-working-women/>

2 Pronita Gupta, Tanya Goldman, and Eduardo Hernandez. "The Struggles of Low-Wage Work." Center for Law and Social Policy, May 2018. <https://www.clasp.org/publications/fact-sheet/struggles-low-wage-work>

3 See Julia Wolfe, Janelle Jones, and David Cooper, 'Fair workweek' laws help more than 1.8 million workers: Laws promote workplace flexibility and protect against unfair scheduling practices. Economic Policy Institute, Report, July 19, 2018. Also see: <https://nwlc-ciw49tixgw5l1bab.stackpathdns.com/wp-content/uploads/2019/10/Fair-Schedules-Factsheet-v2.pdf>

4 "Why We Need the Schedules That Work Act." Center for Law and Social Policy, November 2019. <https://www.clasp.org/publications/fact-sheet/why-we-need-schedules-work-act>

5 Elizabeth Warren. "Senator Warren & Representative Schakowsky Unveil Legislation to Strengthen Part-Time Workers' Rights as Holiday Shopping Season Begins." December 2019. <https://www.warren.senate.gov/newsroom/press-releases/senator-warren-and-representative-schakowsky-unveil-legislation-to-strengthen-part-time-workers-rights-as-holiday-shopping-season-begins>

- **Rights to Request:** Provisions that employees have a right to request flexible work arrangements or alterations to their work hours or schedule, without fear of retaliation or discrimination or discharge from their employer.<sup>6</sup>
  - **Part-time Parity:** Laws that ensure part-time and full-time workers are treated equally on pay rates and the accrual of benefits.<sup>7</sup> *San Francisco’s Retail Workers Bill of Rights* includes part-time parity and the new *federal Part-Time Worker Bill of Rights Act* would do the same.<sup>8</sup>
2. **ADVANCE MINIMUM HOURS PROVISIONS:** Ensure workers get scheduled for a certain minimum number (or “floor”) of hours, such as 24 or 30, to sustain their weekly earnings.<sup>9</sup> In the United States, such laws are still scarce, offered only for cleaning or maintenance jobs in large commercial buildings.
  3. **INCREASE THE MINIMUM WAGE AND STRENGTHEN THE EQUAL PAY ACT:** Increasing the minimum wage to \$15 an hour, indexed to inflation, would strengthen the economic security of underemployed workers. Numerous states have modeled this approach in their policies, which the *federal Raise the Wage Act* also proposes.<sup>10</sup> Furthermore, while the Equal Pay Act of 1963 made it illegal for employers to pay unequal wages based on gender, women continue to face a wage gap. The *federal Paycheck Fairness Act* would help end this wage gap by strengthening provisions of the Equal Pay Act.<sup>11</sup>
  4. **STRENGTHEN COLLECTIVE BARGAINING AND CO-ENFORCEMENT STRUCTURES TO INCLUDE PART-TIME WORKERS:** Employers have many ways to improve part-time job quality in their workplaces. Strengthening and protecting workers’ union rights is critical to increase the quality of virtually all jobs. Letting workers and community groups help implement and enforce local labor standards can ensure these vital protections reach all workers, especially those with less voice and more vulnerable to being exploited—such as workers with low incomes, immigrants, and workers of color.
  5. **EXPAND SHORT-TIME COMPENSATION (STC) PROGRAMS:** Overseen by the U.S. Department of Labor, state unemployment insurance (UI) agencies usually administer Short-time Compensation (STC) benefit programs. These programs are designed to avert layoffs in economic downturns. If employers plan to reduce workweeks for employees, in lieu of layoffs, they can apply to use UI funds to subsidize those on work-sharing arrangements. Workers hurt by the reduced time can become eligible for STC benefits to replace a portion of their lost earnings. In the federal response to the economic crisis created by the COVID-19 pandemic, the federal government will fully reimburse states for their existing STC programs.
  6. **EXPAND AND UPDATE PUBLIC BENEFITS ELIGIBILITY WITHOUT WORK REPORTING RULES:** Pervasive underemployment increases workers’ and families’ need for programs that support basic needs such as cash assistance under Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance

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6 State and Local Laws Advancing Fair Work Schedules.” National Women’s Law Center, October 2019. <https://nwlc-ciaw49tixgw51bab.stackpathdns.com/wp-content/uploads/2019/10/Fair-Schedules-Factsheet-v2.pdf>


7 Ibid.

8 Elizabeth Warren. “The Part-Time Worker Bill of Rights Act.” December 2019. <https://www.warren.senate.gov/imo/media/doc/Part-Time%20Worker%20Bill%20of%20Rights%20Act%20-%20One-Pager.pdf>

9 See: *Tackling Unstable and Unpredictable Work Schedules: A Policy Brief on Guaranteed Minimum Hours and Reporting Pay Policies*; (Center for Law and Social Policy, Retail Action Project, and Women Employed, 2014); Jon Messenger and Nikhil Ray. “The ‘deconstruction of part-time work’ 2015 [op cit]. Indeed, some private companies implement their own minimum, such as 24 hours per week at Costco.

10 “Why America Needs a \$15 Minimum Wage.” Economic Policy Institute, February 2019. <https://www.epi.org/publication/why-america-needs-a-15-minimum-wage/>

11 “How the Paycheck Fairness Act will Strengthen the Equal Pay Act.” National Women’s Law Center, January 2019. <https://nwlc-ciaw49tixgw51bab.stackpathdns.com/wp-content/uploads/2019/02/How-the-Paycheck-Fairness-Act-will-Strengthen-the-EPA.pdf>

 Program (SNAP, formerly food stamps), Medicaid, child care assistance, and unemployment insurance. These programs should not include arbitrary work reporting requirements, which deny people assistance when their work hours fall below a certain threshold. Policymakers can provide economic security for more working families by widening eligibility for these programs to include people facing barriers to working more hours.

**8. INCREASE ACCESS TO PAID LEAVE:** Twelve states and 23 jurisdictions have passed paid sick day laws to give workers job-protected sick time for short-term illnesses (generally at least five to seven days annually for full-time workers and prorated for part-time workers). Eight states and the District of Columbia have adopted paid family and medical leave laws, which provide paid leave to help workers recover from a serious illness, bond with a new child, or care for a seriously ill loved one. The need for this has been amplified during this COVID-19 health crisis since it would help prevent the spread of contagion while also keeping workers attached to their jobs. Members of Congress have introduced federal legislation—the Healthy Families Act for paid sick days and the FAMILY Act for paid family and medical leave—modeled on these state laws.

The report also suggests further research and data collection that would inform the effort to create more economic mobility for lower-wage workers who want more hours and increased income. These study recommendations could also help create an economy that works for all in the face of the changing nature of work.



## INTRODUCTION AND OVERVIEW

Underemployed part-time workers are people who are working part-time hours but would prefer to have more work hours, including those who want a full-time job. Underemployment can lead to hardship for them and their families or households, which has all-too-often flown under the radar when considering how workers experience the performance of the U.S. labor market. We introduce an innovative way to measure underemployment among part-time workers, using a nationally representative survey. This new measure better represents its prevalence, its variation by sector, disparate impact by demographic groups and consequences to the health and well-being of workers, employers, and communities as a whole. The new, alternative measures include part time workers who want more hours, not just those who want to work full time.



This contrasts with the standard, most commonly tracked estimate of the extent of underemployment, “part-time for economic reasons.” Widely referred to as “involuntary part-time work,” this value is used by the Bureau of Labor Statistics (BLS), derived from its monthly Current Population Survey (CPS) of households. However, this measure provides only a lower-bound estimate that likely understates the breadth and depth of underemployment — particularly in key low-wage sectors, jobs, and among people who have been historically marginalized, including workers of color, women, and both younger and older workers.<sup>12</sup>

For this report, we develop alternative measures of underemployed part-time work, using four, equally valid indicators of working part-time. They are derived from the questions in a large, nationally representative and unique survey conducted in 2016—The US General Social Survey and its International Social Survey Program (ISSP)’s compendium, the Work Orientations IV module.<sup>13</sup> This innovation intends to provide a broader and deeper illustration of the extent and incidence of underemployment than the more narrowly constructed measure from the Current Population Survey (CPS)—“part-time for economic reasons.”<sup>14</sup> Moreover, we use these unique data and measures to explore some key potential harms that result from being underemployed, in addition to income shortfall. Our analysis examines these possible adverse impacts especially for part-time workers, which is not possible using the CPS.

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12 The BLS’s most recent *Employment Situation*, not surprisingly, showed an upsurge in March 2020 by almost a million and a half workers who were “part time for economic reasons.” This spike is largely attributable to the spread of the COVID-19 virus and eventual shutdowns of non-essential businesses and stay-at-home restrictions (accompanied by a 1.5 million drop in those employed part-time for the non-economic reasons). <https://www.bls.gov/news.release/empsit.toc.htm>

13 For other surveys that deploy the “more hours” question to identify the underemployed, see Lonnie Golden and Tesfayi Gebreselassie. “Overemployment mismatches: The preference for fewer work hours.” *Monthly Labor Review* 130 (2007): 18. For example, asking, “If you were allowed to [increase] the number of hours you usually work in your main job and your income would change by the same percentage, how would you prefer to change your usual work hours?” found that among retail and food service employees (73 percent of whom worked fewer than 40 hours per week), as many as 57 percent expressed a preference for more hours — as high as 74% among just the part-timers. This means that one-third of that sector’s workforce was comprised of involuntary part-timers who would like to be scheduled for more hours at their job. [Daniel Schneider and Kristen Harknett. “Consequences of routine work-schedule instability for worker health and well-being.” *American Sociological Review* 84.1 (2019): 82-114; Daniel Schneider and Kristen Harknett, *Hard Times: Routine Schedule Unpredictability and Material Hardship among Service Sector Workers*, Washington Center for Equitable Growth, Working paper, October 2019 [http://www.elissasilverman.com/expert\\_testimony\\_from\\_fair\\_scheduling\\_roundtable\\_November\\_3\\_2016/](http://www.elissasilverman.com/expert_testimony_from_fair_scheduling_roundtable_November_3_2016/)].

14 Regina Jutz, Evi Scholz, Michael Braun & Markus Hadler (2018) The ISSP 2015 Work Orientations IV Module, *International Journal of Sociology*, 48:2, 95-102, DOI: 10.1080/00207659.2018.1446115, see: <https://www.gesis.org/issp/modules/issp-modules-by-topic/work-orientations/2015/> The ISSP is the largest program of cross-national research in the social sciences. The U.S. version of all the ISSP, including its Work Orientations modules, is administered on the General Social Survey (GSS). It fields an identical battery of questions across participating countries. The target population of the GSS is adults (18+) living in households in the United States, bi-annually since 1972. The GSS sample is drawn using an area probability design, using NORC’s sample frame of United States addresses.



Given the potential incidence and impacts, this report explores and tests the following questions:

1. Is underemployment concentrated among workers with certain demographic characteristics, particularly among the part-time underemployed?
2. Do part-time workers experience underemployment because of their more unstable and unpredictable work schedules, and/or lesser control of their own work hours?<sup>15</sup>
3. To what extent is part-time work associated with four key indicators of well being, including work stress; satisfaction with one's life, job, and finances; and work-family balance? For example, do underemployed part-time workers have lower levels of work-family time conflict and work stress than full-timers? Do part-time underemployed workers have less satisfaction with their job and/or finances than the part-timers who are content with shorter workweeks?
4. How many part-time workers try to alleviate their underemployment by taking on additional (part-time) jobs? Does holding multiple jobs resolve their underemployment, and/or compound some of its adverse effects?

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15 Precarious scheduling practices themselves are often detrimental to workers' health, well-being and economic security (Daniel Schneider and Kristen Harknett. "Consequences of Routine Work-Schedule Instability for Worker Health and Well-Being." *American Sociological Review* 84, no. 1 (2019): 82-114 ; Joe LaBriola and Daniel Schneider (2019). Worker Power and Class Polarization in Intra-Year Work Hour Volatility, *Social Forces*, soz032, <https://doi.org/10.1093/sf/soz032>; Elaine McCrate, Susan J Lambert, Julia R Henly, 2019. Competing for hours: unstable work schedules and underemployment among hourly workers in Canada, *Cambridge Journal of Economics*, bey053, .)

## SUMMARY OF FINDINGS

In brief, we find that underemployment is not only higher than conventionally thought, but is concentrated in growing, low-wage industries and occupations such as retail, service and transportation jobs. We do find that underemployment is disproportionately higher among people who are most at risk of economic insecurity. ~~Workers who are~~ Black and Latinx, those under the age of 26 and over 65, and women all suffer from higher rates of part-time underemployment. Additionally, workers paid by the hour rather than a salary, those in lower-wage sectors, and people who hold jobs with irregular work hours also experience higher rates of underemployment. (Note: While the dataset we analyzed used Hispanic, we refer to this population throughout the paper as Latinx.)

We empirically reveal that this disproportionate effect of underemployment, particularly among part-time workers, is largely due to their lower family incomes and their concentrations in particular industries or occupations. We found this to be the case. People with the relatively lowest family incomes, who work in lower wage industries and occupations, and who are given less stable hours and schedules, were disproportionately underemployed. This leaves them exposed to potential further financial hardship and other negative consequences that risk their well-being. For example, part-time workers who want to work more hours or have a full-time job tend to experience lower satisfaction with both their jobs and financial situation compared to their full-time and voluntary part-time counterparts. Holding multiple jobs seems to barely alleviate the harms of underemployment. Since underemployment is beginning to rise again as a result of the economic fallout from the COVID-19 pandemic, these findings will help inform the steps needed to both ameliorate and potentially prevent the harms caused by underemployment.

## BACKGROUND AND CONTEXT

Time-related underemployment is a concept typically defined as “insufficient hours of work in relation to an alternative employment situation that a person is willing and available to engage in.” Operationally, people who are underemployed are those willing and available to work additional hours.<sup>16</sup> It is often measured among those who had worked less than some threshold of weekly hours, such as what is considered to reflect “full time” employment.<sup>17</sup> People working part time, but would prefer full-time work, is a key subset of overall “underemployment.”

The US Bureau of Labor Statistics (BLS) measures and tracks the monthly number of people working part-time hours who want and are available to work full-time hours, the most consistent indicator of underemployment available. This monthly estimate is regarded as BLS’ number of those working “part-time for economic reasons.”<sup>18</sup> The data for people working part-time for economic reasons shows a drop from its peak of 9 million during the Great Recession of 2007-2009, to about 4.5 million, or just over 3 percent of the total employed, by 2019.<sup>19</sup> However, this number actually increased after the Great Recession officially ended and remained high for at least six years into the recovery.<sup>20</sup> Indeed, the overall rate of “labor under-utilization,” which is the sum of workers who are “part-time for economic reasons” plus those who are “marginally attached to the labor force,” remained near its peak (17.1 percent) in October 2009 even as the unemployment rate began to fall.<sup>21</sup> The underemployment rate, as measured by BLS, did eventually decrease, but its severity and breadth may be understated.<sup>22</sup> Indeed, the recent, abrupt spike up to 5.7 million workers in March and April 2020 in “part time for economic reasons,” reveals just how fragile was the gradual decline in this number through the recovery.<sup>23</sup>

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- 16 It is important to note that some people may want or need to work more hours but are unable to do so because of a lack of available, affordable child care.
- 17 Jon Messenger and Paul Wallot, *The Diversity of “Marginal” Part-Time Employment*, Inwork Policy Brief No.7, International Labour Organization, Geneva Switzerland, May 2015; Blake et al, 2017.
- 18 Jeremy Reynolds. “When too much is not enough: Actual and preferred work hours in the United States and abroad.” *Sociological Forum*. Vol. 19. No. 1., 2004; Wilkins, Roger, and Mark Wooden. “Economic approaches to studying underemployment.” in Maynard and Feldman (eds), *Underemployment*, pp. 13-34. Springer New York, 2011; Canon, Maria E., Marianna Kudlyak, Guannan Luo, and Marisa Reed. “Flows To and From Working Part-time for Economic Reasons and the Labor Market Aggregates During and After the 2007-09 Recession.” *Economic Quarterly* 2Q (2014): 87-111.
- 19 Meanwhile, the number “choosing” to work part-time for “non-economic reasons,” is about 20 million, and has been quite stable over time (Megan Dunn, “Who chooses part-time work and why.” *Monthly Labor Review* 141 (2018): 1) Some workers transition between part-time for economic and non-economic reasons (Lonnie Golden, *Still Only Part Way Home: Part-Time Work and Underemployment in Illinois and its Region*, Project for Middle Class Renewal, University of Illinois (2017)).
- 20 Lonnie Golden, “Still falling short on hours and pay,” EPI, December 5, 2016: <https://www.epi.org/publication/still-falling-short-on-hours-and-pay-part-time-work-becoming-new-normal/>; David NF Bell and DG Blanchflower, Underemployment in the United States and Europe. *Industrial and Labor Relations Review*, 2019 Nov 22:0019793919886527. Marianna Kudlyak. “Involuntary Part-Time Work a Decade after the Recession.” *FRBSF Economic Letter* 2019 (2019): 30; Daniel Borowczyk-Martins and Etienne Lalé, 2019. Employment adjustment and part-time work: Lessons from the United States and the United Kingdom. *American Economic Journal: Macroeconomics*, 11(1), pp.389-435; Robert G.Valletta, Leila Bengali, and Catherine van der List. “Cyclical and Market Determinants of Involuntary Part-Time Employment.” *Journal of Labor Economics*, 38, 1, 2020. Eleni X. Karageorge, “Is involuntary part-time work here to stay?” *Monthly Labor Review* (2019): 1E.
- 21 The “marginally attached workers” are people who have either held or searched for a job within the last year, but have not been looking for employment in the last 4 weeks. <https://www.bls.gov/lau/stalt.htm>.
- 22 Appendix A shows the upward trend over time in the ISSP measure of subjective underemployment.
- 23 <https://www.bls.gov/news.release/empsit.toc.htm>

Workers of color were most impacted by underemployment.<sup>24</sup> For example, in March 2010, Black workers' unemployment rate had peaked at 16.8 percent. Moreover, Black workers' rate of "labor underutilization" peaked a year later, in April 2011, at 24.9 percent.<sup>25</sup> While the reasons for these racial disparities are not explored here, other studies have identified the role of systemic racism and ongoing racial discrimination in the higher and persistent unemployment and underemployment rates of Black and Latinx workers.<sup>26</sup> This evidence of systemic racism will only serve to increase the challenges faced by communities of color in this next recession.

Underemployment, especially in growing low-wage sectors, may be reflecting structural changes that may have been occurring particularly in low-wage labor markets, such as the "fissuring" of jobs, domestic outsourcing, de-unionization, etc.<sup>27</sup> These labor market changes result in some combination of reducing the quality of existing jobs or the availability of new quality jobs. Structural changes in the extent and nature of part-time jobs, such as contending with more unpredictable schedules due to the increased use of scheduling software, may impede upward mobility. Such changes leave more people hungry to work more hours to gain more income, even through a period of economic growth.<sup>28</sup>

The quality of part-time jobs is important also because a growing share of households' "primary" earners — the person who earns more than 50 percent of household income — are in part-time positions. Almost 4 in 10 people working part-time are now "primary," rather than secondary, wage earners.<sup>29</sup> In addition, as many as 41 percent of mothers were primary or sole breadwinners in their families in 2017.<sup>30</sup> When primary earners are unable to get the sufficient hours they seek, their households are likely to have low incomes or experience poverty. Shortened hours not only deprive such workers of more job experience, raises or promotions, but slows income growth that boosts households spending. Virtually all hourly-paid workers may at least periodically feel they need to work more hours to earn an adequate weekly income<sup>31</sup> They face more frequent and larger fluctuations in weekly incomes.<sup>32</sup> The periodic shortfall in income is particularly problematic for workers in part-time jobs, because they face a disadvantage, relative to otherwise comparable full-time workers, in wage rates and employee benefits, paid leave and future advancement opportunities.<sup>33</sup>

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24 Younger aged workers are another demographic group more vulnerable to underemployment — 60% of younger workers in Los Angeles were working part-time, 79% of whom would like to work more hours [Liz Ben-Ishai et al, CLASP, 2016]. <https://www.clasp.org/publications/report/brief/juggling-time-young-workers-and-scheduling-practices-los-angeles-county>.

25 See: <https://www.bls.gov/lau/stalt.htm>; <https://www.epi.org/publication/the-impact-of-full-employment-on-african-american-employment-and-wages/> Ryan Nunn, Jana Parsons and Jay Shambaugh, *Race and Underemployment in the US Labor Market*, Brookings, August 1, 2019: <https://www.brookings.edu/blog/up-front/2019/08/01/race-and-underemployment-in-the-u-s-labor-market/>

26 Jhacova Williams and Valerie Wilson, "Black workers endure persistent racial disparities in employment outcomes" Economic Policy Institute, August 27, 2019. <https://www.epi.org/publication/labor-day-2019-racial-disparities-in-employment/>;

Christian E. Weller, "African-Americans Face Systematic Obstacles to Getting Good Jobs". Center for American Progress, December 5, 2019 <https://www.americanprogress.org/issues/economy/reports/2019/12/05/478150/african-americans-face-systematic-obstacles-getting-good-jobs/>; and D. Pager Western B, Bonikowski B. "Discrimination in a Low-Wage Labor Market: A Field Experiment." *Am Sociol Rev.* 2009;74(5):777-799. doi:10.1177/000312240907400505 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2915472/>

27 [https://www.clasp.org/sites/default/files/publications/2019/09/2019\\_nextrecession.pdf](https://www.clasp.org/sites/default/files/publications/2019/09/2019_nextrecession.pdf)

David Weil and Tanya Goldman. "Labor Standards, the Fissured Workplace, and the On-Demand Economy." *Members-only Library* 20, no. 1-2 (2016).

28 These "sticky floors" are especially the case in retail jobs, see: Maggie Corser, *Job Quality and Economic Opportunity in Retail: Key Findings from a National Survey of the Retail Workforce*, Center for Popular Democracy, November 2017);

*Opportunity* <https://populardemocracy.org/news/publications/trapped-part-time-walmart-s-phantom-ladder-opportunity>

29 Luke Shafer, "Part-time workers: some key differences between primary and secondary earners." *Monthly Labor Review* 132 (2009): 3.

30 Sarah Jane Glynn. "Breadwinning Mothers Continue To Be the U.S. Norm." Center for American Progress, May 2019. <https://www.americanprogress.org/issues/women/reports/2019/05/10/469739/breadwinning-mothers-continue-u-s-norm/>

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## CHALLENGES ASSOCIATED WITH UNDEREMPLOYMENT: ON WORKERS, ECONOMY AND EMPLOYERS

Because underemployment suppresses weekly incomes, it is a key contributor to the incidence of poverty at both the household and community levels. According to the CPS Annual Social and Economic Supplement, about one in four involuntary part-time workers lived in poverty.<sup>34</sup> In March of 2018, 824,000 people in poverty were working part-time involuntarily. Among part-time working-age adults living in poverty, about half were caregivers and students.<sup>35</sup> In particular, women who involuntarily work part-time have lower median family incomes than women working part-time for reasons that are more voluntary.<sup>36</sup>

Similar to unemployment, underemployment may jeopardize workers' well-being. Research elsewhere documents that underemployment—particularly for those involuntarily working part time—can harm workers' current and future earnings, benefit coverage, job satisfaction, career, identity, and health—with potential spillover effects on their families and even on public health.<sup>37</sup> First, underemployment for part-time workers limits their current incomes, in more ways than one: People working part time get paid less per hour, on average, than otherwise comparable full-time workers. Their pay disadvantage is even bigger when their preference is for full-time hours and their workweek is short.<sup>38</sup> Moreover, because part-time work features less stable work hours, job security and training opportunities, underemployment can threaten a worker's earnings trajectory in the longer term.<sup>39</sup> Second, underemployed workers tend to report lower levels of physical health and psychological well-being than other workers.<sup>40</sup> Third, because part-time jobs are often accompanied by precarious work schedules, it can complicate not only workers' own daily lives, but family stability and children's mental health. These harms can be far-reaching particularly for those in low-wage jobs with chronic material hardship.<sup>41</sup> Fourth, underemployment has been found to be associated with lower job satisfaction, lower life satisfaction.<sup>42</sup>

34 Poverty here is defined as a household's pre-tax income falling below a threshold set by the current value of three times a minimum food diet in 1963, adjusted by family composition. Lauren Bauer, Emily Moss and Jay Shambaugh. 2019. *Who was poor in the US in 2018?* Brookings, DC, December 5.

35 This share actually increased from 2017 to 2018 (Lauren Bauer, Emily Moss, and Jay Shambaugh. 2019. *Who was poor in the US in 2018?* Brookings, DC, December 5).

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38 Lonnie Golden, "Part-Time Workers Pay a Big-Time Penalty" Economic Policy Institute, February 27, 2020 <https://www.epi.org/publication/part-time-pay-penalty/>. The size of the pay penalty for part time hours in the US, 2003-2019, is about 18% for the non-economic ("voluntary") reasons for working part time but about 25% for the economic ("involuntary") reasons.

39 Jon C. Messenger and Nikhil Ray. "The "deconstruction" of part-time work." in Janine Berg (ed.), *Labour Markets, Institutions and Inequality: Building Just Societies in the 21st Century* (2015): 184-209; Carole A. Green and Marianne A. Ferber. "The long-run effect of part-time work." *Journal of Labor Research* 26.2 (2005): 323-333; Cliff Zukin and Carl Van Horn. 2015. *A Tale of Two Workforces: The Benefits and Burdens of Working Part-time*. John J. Heldrich Center for Workforce Development, Bloustein School of Public Policy, Rutgers University, June.

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42 Mark Wooden, D. Warren and Robert Drago (2009). Working-time mismatch and subjective well-being. *British Journal of Industrial Relations*, 47, 147-179 <http://dx.doi.org/10.1111/j.1467-8543.2008.00705.x>. In contrast, "good" part-time jobs yield relatively higher job satisfaction (Victor Haines III, Pascal Doray-Demers and Vivianne Martin. "Good, bad, and not so sad part-time employment." *Journal of Vocational Behavior* 104 (2018): 128-140)

Indeed, part-time workers who want full-time work have significantly lower levels of life satisfaction than part-timers who are content with their number of hours.<sup>43</sup> Fifth and finally, when underemployed workers try to deal with lower incomes by taking on two (or more) part-time jobs, this may help resolve their shortfall in income, but it creates challenges for coordinating a family’s work schedules, particularly when at least one of the jobs comes with either unpredictable or variable schedules.

There are some differences in how underemployment affects people’s well-being, by number of hours and gender.<sup>44</sup> By race and ethnicity, Black and Latinx workers experienced the harms of involuntarily working part-time more harshly.<sup>45</sup> By gender, some research finds that underemployment has a greater negative impact on women than on men.<sup>46</sup> Research elsewhere also has found that women, especially women of color, continue to be overrepresented in low-wage jobs, and are often disadvantaged in the workplace, due to discriminatory practices.<sup>47</sup>

Finally, underemployment also may have negative effects for employers and labor markets. Underemployment tends to decrease employee productivity and heighten turnover rates. To the extent underemployment inhibits job satisfaction, it may harm employee performance. For example, research in the hospital sector has found such underemployment is associated with workers feeling somewhat less committed to their employer or organization.<sup>48</sup> When someone who was underemployed got more hours, including a “congruence” or “match” up to their desired hours, their job satisfaction improved and absenteeism reduced.<sup>49</sup> Employees respond positively to employers who at least try to meet their work hour needs. The direct effects on workers and indirect effects on employers may eventually influence the performance of aggregate labor markets and the macroeconomy. Unwelcomed shortened hours slows workers’ overall earnings growth. It can also depress levels of both short and long term consumer spending, including for necessities like groceries or medicine. Thus, underemployment has spillover costs that impact families, communities, workplaces, labor markets and the economy.

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- 43 Daniel S. Friedland and Richard H. Price. “Underemployment: Consequences for the health and well-being of workers.” *American journal of community psychology* 32.1-2 (2003): 33-45. Working part-time voluntarily is associated with improved self-rated health vis-a vis full-time, although less so among women than men (Youngmin Cho. “Part-time employment and worker health in the United States.” *The Social Science Journal* 55, no. 2 (2018): 97-107).
- 44 David NF Bell and David G. Blanchflower. “The Well-being of the Overemployed and the Underemployed and the Rise in Depression in the UK.” *Journal of Economic Behavior & Organization* 161 (2019): 180-196; David Angrave and Andy Charlwood. “What is the relationship between long working hours, over-employment, under-employment and the subjective well-being of workers? Longitudinal evidence from the UK.” *Human Relations* 68.9 (2015): 1491-1515. Hilary Hoynes, Douglas L. Miller, and Jessamyn Schaller. 2012. “Who Suffers during Recessions?” *Journal of Economic Perspectives*, 26 (3): 27-48. DOI: 10.1257/jep.26.3.27; Geng Li and Brett McCully. 2016. “Is Underemployment Underestimated? Evidence from Panel Data.” *FEDS Notes*, Board of Governors of the Federal Reserve System, May 16; Pencavel, J., 2016. Whose Preferences Are Revealed in Hours of Work? *Economic Inquiry*, 54(1), pp.9-24.
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# CONCEPTUALIZING UNDEREMPLOYMENT AND ITS SOURCES

The overall extent of underemployment likely mirrors the rate of unemployment and its twin, cyclical and structural sources.<sup>50</sup> What makes underemployment high or low in a labor market?

**CYCLICAL UNDEREMPLOYMENT** occurs after an employer reduces workers' hours due to slow business conditions or economic downturns. For example, in the Great Recession, there was a reduced demand for labor hours as employers adjusted partly by reducing the hours of existing employees.<sup>51</sup> Some employers prefer to practice "labor hoarding"—keeping selected workers on shorter hours rather than laying them off in order to save on future hiring and training costs.<sup>52</sup>

In addition, during an economic downturn, there will be more people who would prefer to work more hours. At the household level, the related "added-worker effect" suggests how this may play out: when one household member loses earnings, others may, at least temporarily, seek more hours of work to bolster family or household income.<sup>53</sup> Underemployment may rise primarily due to the employer (labor demand) side of the labor market, such as cutting back on hours. But there also may be worker (labor supply) reasons for increased underemployment. This is expected to subside or reverse during an economic recovery and expansion.

**STRUCTURAL UNDEREMPLOYMENT** reflects underlying structural changes in the economy, work organization or labor market. This includes changes in the composition of employment across industries and technological advances. It further includes recent employer practices, such as "fissuring" of jobs and outsourcing, and shifts in the labor market institutions that govern them, such as the declining presence and power of labor unions. Structural changes may explain why the rates of involuntary part-time work took many years to recede after the Great Recession. It spiked mainly for cyclical reasons, and settled for a number of years at higher rates than seen in previous business cycles.

One technological change that would contribute to structural underemployment is employers' use of "just-in-time" or "on-demand" scheduling practices, often with little input from employees. This results in workers having more fluctuating hours, no minimum hours, and/or frequent shifts or hours that are canceled with little notice.<sup>54</sup> It leads to at least periodic underemployment. Even if average hours appear *prima facie* to be matched with hour preferences, workers are frequently left with fewer weekly hours of work than they prefer.

Other structural sources of underemployment include the increase in "fixed labor costs." There are some economic cost incentives for employers to favor creating more part-time positions instead of full-time jobs. For example, the on-going cost inflation of private health insurance is often attached only to full-time jobs. Employers may use part-time positions, at least in part, to lower the coverage and expenses associated with non-wage employee benefits, from health insurance coverage to paid time off.<sup>55</sup>

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50 As with unemployment, there also may be "frictional" sources of underemployment (Lonnie Golden. "FLSA Working Hours Reform: Worker Well-Being Effects in an Economic Framework." *Industrial Relations*, 54, no. 4 (2015): 717-749.) However, the unemployed have somewhat reduced transitions to full-time employment than the underemployed [Daniel Borowczyk-Martins, and Etienne Lalé. "The welfare effects of involuntary part-time work." *Oxford Economic Papers* 70, no. 1 (2017): 183-205.]

51 Steven Kroll, "The decline in work hours during the 2007-09 recession." *Monthly Labor Review* 134, no. 4 (2011): 53-59.

52 Indeed, this is encouraged by States that have short-time compensation (STC) policies. These provide partial unemployment benefits to underemployed workers.

53 Stuart Glosser and Lonnie Golden. "Involuntary Part-Time Work in the US – Blemish on the Economic Recovery?" *Draft. Midwest Economic Association conference, Evanston IL, April, 2016.*

54 Ryan Finnigan and Jo Mhairi Hale. "Working 9 to 5? Union membership and work hours and schedules." *Social Forces* 96, no. 4 (2018): 1541-1568.

55 Laws like the minimum wage inadvertently may be a structural source of reduced hours. But, given that any lost hours will be spread widely among affected low-wage workers, who may experience shorter workweeks or fewer weeks per year, they are more likely to earn more per year — one scenario being a net annual income boost of 11.6 percent despite the hours reduction (David Cooper, Lawrence Mishel and Ben Zipperer. *Bold increases in the minimum wage should be evaluated for the benefits of raising low-wage workers' total earnings*, Report, April 18, 2018.)

# RECONCEPTUALIZING THE MEASUREMENT OF UNDEREMPLOYMENT

To determine which individuals, mainly those working part-time, are more likely to be underemployed, we developed a set of alternative measures that are tested using a logistic regression model. The five total alternative measures we developed here focus on people who want more work hours or who want to go from having a part-time to a full-time job.

Questions from the combined GSS and ISSP allow us to measure “part-time” in alternative ways. “Part-time” can be defined in two ways: either by the self-reporting of “part-time” vs. “full-time” labor force status, or by implicitly assuming a demarcation, such as the 35 hours per week threshold that is used by BLS to be considered “full-time.” We deployed one pure subjective measure and then four measures just for part-time work. One of these four measures is the pure objective, and the remaining three measures blend the survey question reflecting subjective underemployment with three equally valid, alternative definitions of “part-time” work:

- “Objective Underemployment” refers to those who explicitly self-report their job status as either “part-time” or “full-time”.<sup>56</sup>
- “Subjective Underemployment” refers to any worker (part-time or full-time) preferring more than their current work hours.<sup>57</sup>
- “Adaptive Underemployment” refers to the underemployed part-time workers who may be taking on additional work or jobs for secondary sources of income. This is intended to capture a “masked” or “hidden” underemployment — workers who have taken action to make up for the gap between the hours they want and what they’re given by their primary job(s) (Appendix C).

## WHO IS MORE LIKELY TO BE PART-TIME UNDEREMPLOYED? DETAILED FINDINGS

The descriptive findings from the survey identify which workers have relatively higher rates of being underemployed, focusing more extensively on those working part-time, in **Table 1** (see **Appendix A** for further explanation of methodology). The extent to which a worker’s likelihood of being part-time underemployed can be attributed to one of their demographic or job characteristics, while “controlling for” all the various other potential contributing factors, appear in **Table 2** (~~Appendix D~~).<sup>58</sup>

### SUBJECTIVE UNDEREMPLOYMENT

We first focus on the overall, general subjective underemployment rate — any worker who wants to work more hours — as measured by the ISSP, shown in **Table 1’s** first left hand column. The table then breaks out the rate by type of workers and various work characteristics. This includes features of their demographics, their income, job and work schedules. The top row reveals that about 40 percent of part-time workers prefer to work more hours. That is, as many as 4 in 10 part-time workers express a preference for more hours of work, rather than cutting back or maintaining their current schedule.<sup>59</sup>

56 As with the CPS question used by BLS, it is not entirely clear why respondents want a full-time workweek, whether for additional earnings, potential access to full benefits, or job status. “Full-time” often connotes more than just an hours threshold, but full eligibility for insurance, paid time off and legal protections. It is thus a discrete increase in compensation, status, and security, on top of take-home pay.


57 “Subjective” is a more *continuous* measure, while “Objective” is a more *discrete* measure. Specifically, the “subjective” measure is formed by using the question regarding a preference for more money or time, via working more or fewer hours (Q11, *hrs money*, asked of all those in the ISSP sample who reported that they are currently working for pay, worknow) — “think of the number of hours you work, and the money you earn in your main job, including any regular overtime. If you had only one of these three choices, which of the following would you prefer? 1: work longer hours and earn more money; 2: work the same number of hours and earn the same money; 3: Work fewer hours and earn less money (it is ambiguous if the question asked connotes straight-time overtime pay rates).

58 All analyses were adjusted for weights provided in the GSS.

59 The finding that 40 percent of part-timers express a desire for more hours is remarkably consistent with estimates of 36 percent (Braga, Brown and McKernan, 2019) and 49 percent (and 30 percent of full time workers), in the *Report on the Economic Well-Being of U.S. Households in 2015: Survey of Household Economics and Decision-making (SHED)*, Federal Reserve Board 2016, while 41 percent would be “willing to work one more day each



**TABLE 1: RATES OF PART-TIME UNDEREMPLOYMENT AND SUBJECTIVE UNDEREMPLOYMENT, AS A PERCENTAGE OF TOTAL EMPLOYED: ALTERNATIVE MEASURES OF PART-TIME, BY CHARACTERISTICS OF WORKERS AND JOBS**


	 <b>Workers: (1)</b>	<b>Part-Timers Only: (2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
	<b>Subjective Underemployment—All workers, who prefer more hours</b>	<b>PT# hours last week &lt;35, prefers more hours</b>	<b>PT Labor force status last week, prefers more hours</b>	<b>PT “usual” work status, prefers more hours</b>	<b>Objective Underemployment – usual PT would prefer FT job</b>
<b>All Workers:</b>	37.9%				
<b>Part-time Workers Only</b>	39.5%	9.5%	8.2%	8.0%	11.0%
<b>Gender</b>					
<b>Men</b>	41.9%	5.9%	5.5%	7.3%	10.3%
<b>Women</b>	35.2%	12.9%	11.0%	8.8%	11.2%
<b>Age Range</b>					
<b>26 and below</b>	54.2%	20.2%	17.4%	20.5%	26.3%
<b>27-35</b>	41.2%	5.4%	5.9%	5.2%	10.3%
<b>36-45</b>	36.3%	7.3%	4.2%	5.4%	7.6%
<b>46-54</b>	43.0%	7.4%	8.1%	7.8%	8.3%
<b>55-64</b>	27.1%	7.7%	6.1%	5.0%	6.7%
<b>65-81</b>	25.7%	19.0%	17.9%	10.4%	12.6%
<b>Race/Ethnicity<sup>60</sup></b>					
<b>White</b>	30.8%	7.4%	6.1%	6.4%	8.2%
<b>Black</b>	52.5%***	12.8%	12.7%	10.4%	13.0%
<b>Hispanic/Latinx</b>	57.0%***	15.0%	12.0%	13.5%	15.3%
<b>Other</b>	33.3%	6.3%	8.6%	4.1%	23.5%
<b>Total Family Income</b>					
<b>Middle/High Income</b>	31.0%	4.5%	3.4%	3.0%	4.6%
<b>Low Income (&lt;33%)</b>	49.6%***	21.5%	18.7%	19.4%	25.4%
<b>Individuals’ Income</b>					
<b>Middle/High Income</b>	31.1%	3.2%	1.9%	0.6%	1.6%
<b>Low Income (&lt;33%)</b>	54.4%***	21.1%	21.2%	19.6%	24.4%
<b>Marital Status</b>					
<b>Widow/Divorce/ Separated/Never Married</b>	47.4%***	14.3%	11.5%	13.2%	15.6%
<b>Married</b>	30.4%	5.0%	5.3%	3.3%	6.4%

week to receive 20 percent more income,” in a *YouGov* poll (2017).

60 The GSS question asks, “What is your race? Indicate one or more races that you consider yourself to be,” and it uses only the “first mention(ed)”: White, Black or African-american, Hispanic, etc. The survey, unfortunately, does not ask about immigration or native-born status.

<b>Children present 18 or younger</b>					
<b>0</b>	39.4%	9.6%	9.3%	8.6%	10.8%
<b>1+</b>	36.9%	9.2%	6.0%	6.8%	10.6%
<b>How worker is paid</b>					
<b>Salaried</b>	24.1%	2.0%	1.1%	2.5%	3.2%
<b>Hourly</b>	47.1%***	10.9%	9.6%	10.0%	14.3%
<b>Other</b>	29.2%	10.9%	13.6%	11.3%	21.6%
<b>Occupation (census codes 2010)</b>					
<b>Management/Business/Financial</b>	26.5%	1.6%	2.2%	4.9%	3.7%
<b>Professional/Related</b>	28.5%	6.4%	6.0%	6.0%	8.8%
<b>Service</b>	50.1%***	22.5%	20.7%	17.9%	24.4%
<b>Sales/Related</b>	40.0%	12.2%	14.2%	6.2%	7.2%
<b>Office/Admin Support</b>	37.1%	10.9%	4.7%	4.6%	5.7%
<b>Natural Resource/Construction/Maintenance</b>	49.7%***	4.9%	1.6%	5.6%	14.3%
<b>Production</b>	48.2%***	0.0%	0.7%	5.1%	7.1%
<b>Transportation/Material Moving/Military</b>	47.5%***	12.6%	10.9%	11.7%	10.8%
<b>Industry (NAICS codes 2007)</b>					
<b>Agriculture/Mining/Utilities/Construction</b>	32.9%	4.8%	3.2%	7.9%	12.4%
<b>Manufacturing</b>	43.7%**	0.6%	0.6%	0.0%	4.6%
<b>Wholesale/Retail Trade</b>	46.3%***	10.2%	8.5%	8.9%	9.9%
<b>Transportation</b>	42.0%*	8.8%	9.8%	14.4%	16.8%
<b>Information/Finance</b>	40.3%	4.3%	0.5%	2.6%	4.6%
<b>Professional/Management/Administration</b>	31.3%	5.6%	4.1%	8.1%	12.2%
<b>Education/Health Services</b>	34.5%	13.8%	12.8%	11.3%	13.0%
<b>Leisure/Other Services</b>	46.7%***	16.9%	16.0%	9.3%	16.6%
<b>Public Admin/Military</b>	30.2%	5.7%	4.8%	4.8%	0.0%
<b>Worker's working schedule</b>					
<b>Fixed Schedule/Shift</b>	36.3%	7.9%	5.9%	6.5%	8.7%

<b>Variable Schedule/Shift (changing regularly) or Schedule Decided at Short Notice by Employer<sup>61</sup></b>	46.6%***	14.8%	15.8%	13.4%	15.7%
<b>How are working hours decided</b>					
<b>Decided by my employer</b>	44.8%**	6.3%	7.2%	9.9%	11.9%
<b>Decided by employer with my input</b>	36.0%	13.9%	9.3%	7.5%	14.0%
<b>I can decide with limits</b>	25.5%	5.7%	5.5%	4.2%	7.6%
<b>I am free to decide</b>	39.2%	8.0%	5.0%	9.1%	16.4%
<b>Outside of both control</b>	42.6%	3.9%	7.4%	2.2%	2.2%
<b>How work starting/ending times are decided</b>					
<b>Decided by my employer</b>	45.7%***	10.9%	9.4%	9.3%	11.7%
<b>I can decide with limits</b>	30.2%	7.6%	6.7%	6.5%	8.2%
<b>I am entirely free to decide</b>	35.3%	10.5%	8.7%	8.6%	12.1%
<b>Yes, has multiple jobs (some to all of 2015)</b> <del>No, none</del>	44.9%** <del>35.8%</del>				
<b>n = 870</b>					
<b>Note: A chi-test was conducted to examine differences in the distribution of outcome variables across each subjective underemployment group.</b> *** p<0.001, ** p<0.01, * p<0.05, ^ p<.01					

61 The subjective underemployment rate, for just those with “schedule decided at short notice by employer,” is 53.3%\*\*\* (but with its small sample size of n=50, s combined with those with having variable but regular shifts, whose rate was 43.3%\*).

# FINDINGS FOR TABLE 1

## UNDEREMPLOYMENT FOR ALL WORKERS (SUBJECTIVE UNDEREMPLOYMENT RATES)

Forty percent of those employed part-time stated a preference for more work hours and income. The underemployment rate among all people who are employed is also clearly higher among various other types of workers and jobs by their features.

### DEMOGRAPHIC FEATURES

Subjective underemployment generally is considerably higher for workers of color, at 55 percent, on average, for Black people (53%) and Latinx people (57%), versus 31 percent among White people. The somewhat higher underemployment rates among men than women (42% versus 35%) suggests that men who work full-time are relatively more likely than women to want to work more hours.

### INCOME AND JOB FEATURES

Fully half the workers in the lower third of the family income strata experience subjective underemployment. More than half (54 percent) of workers whose own, individual income puts them in this lower income bracket, are underemployed. In addition, workers paid by the hour exhibit relatively higher rates of underemployment, at 47 percent, which is about double the rate for salaried workers. Subjective underemployment is prevalent across virtually all types of industries. No one industry displays subjective underemployment under 30 percent. However, rates of underemployment are clearly highest in four industries — Leisure and other services and Wholesale/retail trade, followed by Manufacturing and Transportation sector jobs. The occupations with relatively higher rates of subjective underemployment are in the Service and the Transportation/material moving/military type jobs, where half of such workers want more hours. Underemployment is also almost as high among those in Production and in Construction/extraction/maintenance jobs.

When it comes to their work schedules, workers with a regular schedule/shift (whether day, evening or night) are somewhat less apt to want more hours. By contrast, having a changing (i.e., variable) schedule/shift—especially a “schedule decided at short notice by the employer”—is associated with far higher rates of underemployment. Indeed, the more a worker’s employer decides either their hours or schedules, the more likely they are to be underemployed. Finally, people who hold multiple jobs are more likely to prefer more hours. This suggests even having secondary sources of income does not fully resolve a worker’s desire for more hours and income.

## PART-TIME UNDEREMPLOYMENT AS A SHARE OF ALL WORKERS

We now turn to the additional measures of underemployment among just the part-timers using the ISSP and GSS survey questions. We create these new measures to provide a more complete estimate of part-time underemployment than provided by the CPS. These four measures are based on the following survey questions, described in **Appendix B** (where there is a different hours definition for part-time in PTU4, the rate of objective underemployment).

UPT 1 = worked 34 or fewer hours last week (a traditional definition of part-time), and prefers more hours and income.

UPT 2 = self-reported as working “part-time last week,” and prefers more hours and income. UPT 3 = self-reported as “usually works part-time,” and prefers more hours and income.

UPT 4 = “usually works part-time” and “wants a full-time job.”

The findings in **Table 1’s** four right-hand columns reveal fairly stark differences by demographic groups of part-time workers. People of color, both Black and Latinx workers, are more likely to be part-time underemployed, specifically when we define part-time simply as working fewer than 35 hours.<sup>62</sup> While the underemployment rate for white workers is a substantial 7.4%, it doubles to 15.0% for Latinx workers and 12.8% for Black workers. Thus, people of color are more prone to work part-time jobs and be underemployed.<sup>63</sup>

62 The GSS question asks, “What is your race? Indicate one or more races that you consider yourself to be,” and it uses only the “first mention(ed)”: White, Black or African American, Hispanic, etc.

63 This reinforces findings regarding workers in the retail trade and service sectors (Adam Storer, Daniel Schneider and Kristen Harknett, What Explains Race/Ethnic Inequality in Job Quality in the Service Sector? Working paper series, Washington Center for Equitable Growth, October 2019. <https://equitablegrowth.org/working-papers/what-explains-race-ethnicinequality-in-job-quality-in-the-service-sector>



By gender, in two of the measures, women are twice as likely to be underemployed part-timers than are men – 13% vs. 6%. Men’s and women’s underemployment rates are more similar to each other using the other two measures.<sup>64</sup> Thus, while it appears that men who work full-time are more likely to want to work more (column 1, Table 1), among those working part-time, women are relatively more prone to be underemployed. By marital status, people who are not married are more than twice as likely to be underemployed than married underemployed part-time workers.

The rates are about the same among workers with or without children, averaging almost 8% for parents and a bit over 9% for people without children. This effect of parenthood may be due to how the survey question was framed—that is, how respondents think of their job as “part-time” and/or the feasibility of taking on more hours given their children’s needs. Indeed, for both those with or without children, framing the question as preferring a full-time job yields slightly higher rates of being part-time underemployed.

By workers’ age, the youngest workers have the highest rate of part-time underemployment at 20%. All other age brackets of part-time workers have a relatively lower rate of wanting more hours. The high rates for younger workers may reflect both their lesser savings and a heightened desire to accumulate immediate income. In addition, people who are still employed at 65 and over had underemployment rates as high as the youngest age bracket. This higher rate among older-aged workers likely reflects a combination of factors. One such influence may be having inadequate retirement income. Another may be the limitations on hours available to people who retired from life-long jobs, but have remained in the workforce as part-time. The higher rates of part time underemployment among both these youngest and oldest age brackets likely reflect the limited quality of part-time jobs and hours available to new labor entrants and re-entrants.

The rate among workers paid hourly averaging 12%, is considerably higher than among people who are paid a salary, at only 2%. This could well reflect that salaried positions are accompanied by a much wider range of employee benefits, even for positions with part-time weekly hours. By income, the underemployment rates among part-time workers are far higher for individuals and families in the lower third of the income distribution, at about 22%, than for people who have middle and high incomes. This evidence shows that lower-income individuals and families endure the brunt of such underemployment.

Key occupations have consistently higher rates of underemployment, particularly in the low-wage sectors. Service workers have the highest rate of part-time underemployment, at 23%. Transportation/Material moving jobs are the next highest, at about 12%, followed by Sales and Related jobs, at over 10%. Rates in Management/Business/Financial jobs and in Production jobs are, in contrast, lower. Part-time underemployment rates are near the national average in Office/Administrative support, in Natural Resource Extraction/Construction, and in Maintenance types of occupations. Thus, jobs that pay relatively lower wages also tend to limit workers’ hours.

This pattern continues by industry. Leisure/Other Service industries (including Hospitality) have a high part-time underemployment rate of 17%, followed by Education and Health services, at 14%. It is above the average in Construction/Mining/Agriculture. By types of employment, is higher among people who are not classified as employees (such as contractors, who are neither hourly or salaried employees).

In sum, in 2016, about 40 percent of all those working part-time generally preferred to have more work hours. Underemployed part-timers comprised from 8 percent to as much as 11 percent of total employment in the US, depending on the measure used. This rate was considerably higher for those in low income families, in jobs that are paid hourly, and in jobs with unstable work schedules. By personal characteristics, it is markedly higher for workers of color, among women and non-married workers, and those 26 and younger.

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<sup>64</sup> This is in contrast to higher rates of subjective underemployment for men, when we included full-timers. The wide range of estimates among men, from 6 to 10 percent, may be because men might be somewhat more likely to express being underemployed when the question frames part-time work as their usual hours rather than hours in the previous week.

# BEING PART-TIME UNDEREMPLOYED BY A WORKER'S PERSONAL AND JOB CHARACTERISTICS

**Table 1** showed the rates of underemployed part timers in the US, by a variety of workers' personal and job characteristics. **Table 2** shows the results of multivariate (logistical) regression analysis. This tests whether a worker's particular demographics and features of their job make it more or less likely that they will be a part-time underemployed worker, in contrast to a part-time worker who is not underemployed, controlling for other potential contributing factors.

**TABLE 2: BEING PART-TIME UNDEREMPLOYED, FOUR ALTERNATIVE MEASURES, BY DEMOGRAPHIC AND WORK CHARACTERISTICS: LOGISTIC REGRESSION RESULTS**

	(PTU1) PT# hours <35, prefers more hours			(PTU2) PT last week, prefers more hours		
	Odds Ratio			Odds Ratio		
Age	0.995	0.993	0.993	0.992	0.991	0.983
Woman	0.858	0.783	1.068	0.817	0.779	0.796
Black	1.048*	2.629	2.264	3.206**	4.776*	1.690
Hispanic	2.852*	3.859*	1.106^	3.705**	3.855*	1.952
Other race	0.557	2.743	0.474	1.671	2.728	1.346
High school graduate or less	1.297	1.343	0.896	1.058	0.726	0.676
Married	0.356**	0.302**	0.524	0.645	0.538	0.907
Has children < age 18	1.179	0.864	1.060	0.730	0.828	0.774
Occupation—professional		6.380^	4.079^		3.799	3.612
Occupation—service		4.630^	6.958*		2.158	4.006
Occupation—sales and related		4.559	5.188^		2.230	4.363
Occupation—office and admin. support		6.346*	4.111		2.227	0.881
Occupation- resources/ construction/maintenance		2.003	2.234		0.980	0.337
Occupation- production		-	-		-	
Occupation—transportation/ materials moving		16.650*	35.08**		1.685	4.635
Respondent's income		0.941			0.920	
Family income			0.922^			0.876*
Weekly Hours of Work			0.992			0.963*
Has Multiple Jobs			2.578^			2.888^

<b>N</b>	<b>198</b>	<b>158</b>	<b>180</b>	<b>176</b>	<b>141</b>	<b>157</b>
	<b>(PTU3) PT usually, prefers more hours</b>			<b>(PTU4) Objective Under-employment—usually PT wants FT job</b>		
<b>Age</b>	0.992	0.989	0.985	0.974^	0.974^	0.964*
<b>Female</b>	0.754	0.814	1.199	0.472^	0.428	0.471
<b>Black</b>	1.785	1.329	1.722	2.145	2.467	2.491
<b>Hispanic</b>	2.661	7.370**	2.798	2.003	2.373	0.836
<b>Other race</b>	0.316	0.779	0.113^	3.564^	3.432	1.799
<b>High school graduate or less</b>	1.178	1.000	0.921	2.022	1.514	1.121
<b>Married</b>	0.274**	0.270*	0.556	0.590	0.712	1.240
<b>Has children &lt; age 18</b>	0.971	0.457	0.885	1.149	0.955	2.254
<b>Occupation—Professional</b>		2.000	0.721		3.681	2.827
<b>Occupation—Service</b>		1.099	1.535		5.288^	5.431*
<b>Occupation—Sales and Related</b>		0.899	0.915		1.964	1.537
<b>Occupation—Office and Admin. support</b>		1.812	0.394		2.285	0.538
<b>Occupation- Resources/ Construction/Maintenance</b>		0.489	0.335		3.993	3.419
<b>Occupation- Production</b>			0.246		5.180	7.316
<b>Occupation—Transportation/ Materials moving</b>		7.892	4.828		2.014	3.121
<b>Respondent's income</b>		0.848*			0.969	
<b>Family income</b>			0.866*			0.823***
<b>Weekly Hours of Work</b>			0.997			1.050*
<b>Has Multiple Jobs</b>			5.176*			0.999
<b>N</b>	<b>169</b>	<b>137</b>	<b>153</b>	<b>189</b>	<b>148</b>	<b>159</b>

The sample for these logistic regressions are all part-time workers. The coefficients represent the differences between the PTU and voluntary part-timers. #Note: The omitted reference occupation for contrast is managerial/business/financial.

\*\*\* p<0.001, \*\* p<0.01, \* p<0.05, ^ p<.01

The statistical results reveal that, by demographic group, Black and Latinx workers are more likely to be part-time underemployed than are White workers (especially when measured by PTU1 and PTU2). However, further testing finds that the higher rate among people of color could be due, at least in part, to some other personal characteristic, such as their age, gender or marital status (for PTU3). Even more so, their higher rate can be traced to features of their job, for example, being segregated into certain occupations such as service, transportation or administrative support jobs. Their high rates also may reflect their relatively lower levels of family income and/or fewer average weekly hours (for PTU4).

Women's relatively higher rates of underemployed part-time work (Table 1) appear to be due more to their race, marital status, or perhaps their concentration in certain occupations.<sup>65</sup> Not being married raises the likelihood that a woman will be part-time underemployed. Indeed, a salient finding is that the lower a worker's family income, the higher the probability that they will be underemployed. The role of individual income, while significant in selected measures (e.g., PTU2), is not as consistently a source of part-timer underemployment as is the role of their family (household) income. In sum, a worker's desire for additional hours clearly reflects their household's circumstances.

In terms of job features, Service occupations are associated with higher levels of part-timer underemployment, which includes food preparation and wait staff; home health aides and medical assistants; security and protective services; and building or grounds cleaning and maintenance jobs. Jobs in Transportation/Materials moving also have somewhat greater underemployment for part-timers. That kind of job includes people who drive trucks, large equipment, or taxis; parking lot attendants and stock- or by-hand material movers (e.g., warehouse) jobs. People in other jobs, such as Office, Administrative support, Sales, and Related jobs (such as cashiers, retail salespersons and all types of sales agents and representatives), are slightly more likely than others to be part-time underemployed. Working longer weekly hours appears to alleviate underemployment to a degree, although not as strongly as might be expected.<sup>66</sup> Finally, holding multiple jobs should help resolve a part-time worker's underemployment, but it actually increases the chances that they want additional hours of work.

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65 One's level of education attained is not reported and not statistically significant.

66 It could be other factors, such as income level, type of job or having multiple jobs, may better explain why longer work hours is only weakly associated with a reduced likelihood of being underemployed.

# CONSEQUENCES ASSOCIATED WITH PART-TIME AND OVERALL UNDEREMPLOYMENT

How is being underemployed associated with: financial satisfaction, job satisfaction, work stress and work-life conflict? We focus on how workers may experience these four potential outcomes, looking at people who are underemployed overall, as well as at just part-time underemployed workers. We contrast these associated outcomes relative to both full-timers and to voluntary part-timers. We also explore all five measures of underemployment, including subjective underemployment, in addition to just the part-time underemployed, in **Table 3**.

**TABLE 3: FOUR OUTCOMES AND ALL TYPES OF UNDEREMPLOYMENT**

Respondent's:	Full sample	Subjective Under-employment	(1) PT# hours <35, prefers more hours	(2) PT last week, prefers more hours	(3) PT usually prefers more hours	(4) Objective under-employment usually PT wants a FT job
<b>A. Satisfaction with Financial Situation (n=868)</b>						
Satisfied	30.0%	16.6%	17.0%	18.5%	16.4%	19.8%
More or less	44.3%	44.6%	29.4%	30.0%	35.8%	44.6%
Not at all satisfied	25.7%	38.8%	53.6%	51.5%	47.8%	35.6%
Chi-test		***	***	***	***	
<b>B. satisfaction with his or her job (n=866)</b>						
Very/completely satisfied	54.4%	47.0%	47.8%	45.3%	41.2%	48.6%
Fairly satisfied	30.1%	30.7%	28.7%	20.6 %	26.4%	26.8%
Neither	6.9%	9.7%	7.7%	12.4%	17.7%	14.8%
Fairly dissatisfied	5.8%	9.9%	12.8%	18.2%	8.2%	4.6%
Very/completely dissatisfied	2.8%	2.6%	3.0%	3.6%	6.5%	5.2%
Chi-test		**		*	*	
<b>C. frequency of feeling work stressful (n=865)</b>						
Never	3.0%	2.7%	2.8%	5.7%	6.1%	7.6%
Hardly ever	13.1%	11.3%	21.4%	19.5%	22.4%	23.9%
Sometimes	49.8%	46.0%	41.6%	42.3%	35.4%	39.8%
Often	23.3%	24.7%	15.5%	8.4%	14.6%	14.4%
Always	10.9%	15.3%	18.7%	24.1%	21.5%	14.3%
Chi-test			***	***	***	***



D. frequency of feeling job demands interfere with family life (n=867)						
Never	15.3%	13.0%	12.9%	14.6%	14.1%	17.9%
Hardly ever	35.6%	36.0%	32.6%	31.3%	31.1%	27.0%
Sometimes	32.5%	29.9%	28.4%	19.2%	27.3%	34.4%
Often	11.8%	13.5%	15.7%	22.7%	13.5%	9.8%
Always	4.7%	7.7%	10.4%	12.2%	14.0%	10.9%
Chi-test			**	***	**	***
*** p<0.001, ** p<0.01, * p<0.05, ^ p<.01						

Note: A chi-test was conducted to examine differences in the distribution of outcome variables across each underemployment group. \*\*\* p<0.001, \*\* p<0.01, \* p<0.05, ^ p<.01

**Table 3** shows three salient findings from the descriptive (cross-tabulation) results. First, all underemployed workers are less satisfied with their finances.<sup>67</sup> In particular, the part-time underemployed are about twice as likely as other workers to say they are dissatisfied with their financial situation.<sup>68</sup> Second, satisfaction with their job is lower for all underemployed workers, and is somewhat lower for people who are part-time underemployed. The part-timers have a markedly higher proportion of people who are largely dissatisfied with their jobs. That people want more hours in jobs they tend to find relatively dissatisfying, at least compared to full-time and voluntary part-time workers, may partially reflect dissatisfaction with their compensation. Third, underemployed part-time workers experience a greater frequency of work stress compared to others. As many as four in ten (40 percent) people who are subjectively underemployed “often” or “always” experience work stress, higher than the 33 percent average for all workers.

Finally, underemployed part-timers are more likely than others to “always” experience work-family time conflict. This is striking, since this suggests that these workers’ shortened workweeks does not seem to help them reconcile the needs of both their job and family.<sup>69</sup> That working part-time involuntarily compounds rather than resolves time imbalances might reflect that their part-time jobs are accompanied by more variable hours and unpredictable schedules.

The findings for all four potential consequences — financial satisfaction, job satisfaction, work stress, work-family time conflict — appear in **Table 4 (Appendix E)**.<sup>70</sup> The logistical regression analysis reflects the increased chances an underemployed part-time (PTU) worker experienced greater dissatisfaction with their finances and their jobs, work stress, and job interference with family, relative to both part-time workers who are not underemployed and to full-time workers.

67 A second indicator asks respondents regarding *recent change* in their financial situation. Not surprisingly, among those who said, “worse,” the subjective underemployment rate was over 40 percent and, for the part-time underemployed, was between 19 to 28 percent, measurably higher than those whose financial situation had not recently worsened.

68 Findings for another indicator of perceptions of financial situation, whether the respondent feels that their “family income is high” [*finrelative*], are quite consistent with satisfaction with finances. The proportion of the subjective underemployed who disagreed or strongly disagreed that their income was “high” constituted about 44 percent of the underemployed, while those who agreed or strongly agreed that their family income was high made up only 28 percent of the underemployed.

69 However, underemployed part time workers are equally likely as others to say they “never” experience job-family time conflict.

70 For a range of some other adverse outcomes of underemployment, see Friedland & Price, 2003.

**TABLE 4. PART-TIME UNDEREMPLOYMENT  
(PTU ASSOCIATIONS WITH FOUR CONSEQUENCES:**

<b>LINEAR PROBABILITY ESTIMATES</b>				
<b>Odds Ratios of Being Part-time Underemployed:</b>	<b>Dependent variable: Financial dissatisfaction</b>	<b>Job dissatisfaction</b>	<b>Work Stress</b>	<b>Job Interference with Family</b>
<b>Full sample: relative to full-time</b>				
PTU1	2.247*	1.577	0.860	1.452
PTU2	1.928^	2.507*	0.759	2.718*
PTU3	1.628	2.114^	0.882	1.643
PTU4	1.199	1.452	0.602	1.029
<b>Full sample: relative to voluntary part-time</b>				
PTU1	4.918***	1.423	2.192*	3.763*
PTU2	3.781**	2.737*	2.019^	6.908***
PTU3	3.284**	2.745	3.377**	3.517*
PTU4	2.01	1.415	1.891	1.487
<b>Restricted sample (just among part-timers only): relative to voluntary part-time workers</b>				
PTU1	4.805***	1.655	2.821^	2.602
PTU2	3.573*	3.689*	2.442^	9.298**
PTU3	4.794**	3.128^	5.081**	7.599*
PTU4	1.588	1.377	2.405	1.182

*Note: Binary variables are: Financial dissatisfaction (1=not at all satisfied, 0=else); Job dissatisfaction (1=dissatisfied/neither, 0=else); Work stress (1=often/always; 0=else); Job interference with family (1=often/always, 0=else).  
Control variables used in all models: age, race, gender, education, household income, marital status, having a child, types of occupation, spouse work status, having multiple jobs)  
All workers: PTU1 (n=856), (n=841), (n=830), PTU4 (n=831).  
Among the part-timers only: PTU1 (n=141-192), PTU2 (n=166-171), PTU3 (n=157-166), PTU4 (n=158-167)  
PTU1 = PT# hours <35, prefers more hours  
PTU2 = PT last week, prefers more hours  
PTU3 = PT usually prefers more hours  
PTU4 = PT prefers full time job (Objective underemployment)  
\*\*\* p<0.001, \*\* p<0.01, \* p<0.05, ^ p<.01*

In sum, underemployed part-time workers experienced relatively lower **satisfaction**—with both their **job** and their **finances**, compared to those who are voluntarily working part-time or working full-time. In addition, underemployed part-time workers are more likely to experience **work stress** than voluntary part-time workers. Indeed, their reported work stress is on par with full-time workers.<sup>71</sup> Moreover, those who are working part-time who want more hours have more frequent **work-family conflict** than part-timers who are content with their hours.<sup>72</sup> Strikingly, when compared to full time workers, those who are involuntarily working part-time, experience no less work-family conflict. This may well reflect that their jobs tend to exhibit more variable hours, schedules or shifts.<sup>73</sup>

71 For those part-time workers given less than 10 weekly hours, work stress and work-family conflict are both reduced a bit. The “adapted” underemployed part-timers – those working multiple jobs — are far more stressed than all others, even more than their counterparts with just one job (results not reported here). While these “adapting” part-timers report being financially better off, this appears to come at the expense of heightened stress. They have almost as much work-family conflict as full-time workers. This suggests holding two different part-time jobs creates time pressures akin to having one full-time job, despite the notion that part-time jobs provide more scheduling and hours flexibility.

72 When estimated alternatively with ordinary least squares (OLS), relative to full-timers plus voluntary part-timers, job satisfaction was reduced (by 0.594) and job interference with family increased (by 0.659), while work stress increased but not statistically significantly.

73 In unreported results, workers’ reported levels of happiness are lower for the part-time underemployed than for full-timers and voluntary part-timers, not surprisingly (Adam Okulicz-Kozaryn and Lonnie Golden, Unhappiness Is Unpredictability (August 12, 2017). SSRN: <https://ssrn.com/abstract=3044540>).

## LIMITATIONS OF THE DATA AND FINDINGS

While our data set is a large, representative survey, sample sizes can get quite small when we disaggregate into several subgroups, such as industry and occupational classifications and age brackets. Breaking down into small cells may be partly responsible for the variation sometimes observed between alternative measures in the association with the same work characteristic. Thus, we suggest caution in conclusions and interpreting too literally the estimated levels from the cross-tabulation and regression coefficient results.

However, there is much consistency in many of the findings, across the alternative measures derived from the GSS/ISSP. This implies that including new questions that more directly measure workers' preferences for more hours, placed on larger, repeated labor force surveys in the US (as in other advanced countries), would allow us to more confidently assess the level, distribution and trend in underemployment among part-timers in the US.

## CONCLUSIONS

Conventional estimates of underemployment in the US labor market seriously underestimate the degree and scope of the problem. Using data from a recent GSS, we find that 40 percent of part-time workers would like to work more hours. The part-time underemployment rate in the US workforce, in 2016, was at least 8 percent of all people who were employed and as much as 11 percent. The upper bound estimate, at 11 percent, was the “objective underemployment rate”— the proportion of people in a part-time job who would prefer a full time job. These rates are at least twice as high as those estimated with CPS data, which suggested just 4 percent of the labor force were part-time and wanting full-time work, in 2016.

Such underemployment is patterned by key demographic and occupational characteristics. Part-timer underemployment is associated strongly with both hourly paid and low-wage work. About 12 percent of hourly employees who work part-time prefer more hours, and as much as 14 percent of them prefer a full-time job. In Service type occupations, underemployment rates are more than double the rate for all occupations. It is notably higher in Transportation/materials moving (which includes warehousing) and Sales jobs. Rates also are higher in three particular industries: Leisure/other services (which include hospitality and food services), Health/education and Retail/wholesale trade. Higher underemployment rates within certain demographic and occupational characteristics also point to the historic inequality that exists in the labor market, pushing more low-income, workers of color and women who work part-time into these situations.

Multivariate analysis confirms that both Black and Latinx workers (listed as “Hispanic” in the survey) were significantly more likely to be part-time underemployed. However, that largely reflects their occupational segregation. Moreover, the concentration of part-time underemployment by both race and occupation is traced at least somewhat to their lower family incomes. This also speaks to the role that systemic racism has on Black and Latinx workers who are more likely to be part-time and underemployed and tend to have lower family incomes compared to white workers. Indeed, one’s family income strongly predicts underemployment even more than an individual’s income. Finally, holding multiple jobs is not associated with reduced underemployment. This supports the notion that while underemployed part-time workers often take on additional jobs, they often still fall short of their desired hours and income.

As with underemployment among part-time workers, “subjective underemployment” generally in the US workforce was also notably higher for people sharing certain characteristics. They include being in the lowest third of individual and family income, in hourly paid jobs, with unstable work schedules. In addition, subjective underemployment was higher among workers of color, younger people, and workers who were not married. Similar to underemployment among just the part-time workers, occupations with high rates of subjective underemployment are service, transportation/material moving/military, production and construction/ extraction/ maintenance. By industry, as with part-time underemployment, it is highest in retail (including wholesale) trade, transportation and the leisure/other services sectors, but also in manufacturing.

Examining the effects of underemployment finds that people involuntarily working part-time experienced lower **job satisfaction**, higher **work stress**, and more **financial insecurity** than voluntary part-time workers. Indeed, their reported work stress and **work-family time conflict** are on par with full-time workers, who work longer workweeks. This may well reflect the nature of part-time jobs, which often feature lower wage rates and more variable hours or schedules.

In sum, however measured, people who work part-time but want more hours (including to work full time) do not experience the benefits that tend to come with voluntarily holding a part-time job. On the contrary, they may face more of the harms that come with being unemployed.

**POLICY RECOMMENDATIONS:** The stubborn persistence of underemployment, especially the pockets of high part-timer underemployment, potentially tied to ongoing structural changes in low-wage labor markets and the endurance of systemic discrimination, requires adopting a set of wide-ranging policies. Such policy

measures could help improve the quality of the jobs as well as curb and counter the economic insecurity foisted on workers and their families. These critical policies should be adopted immediately due to the impending recession sparked by the pandemic, which is further exposing the harms created by inaction and the absence of such policies. Our recommendations:

1. **EXPAND FAIR WORKWEEK LAWS:** State and local governments have passed *Fair Workweek* laws addressing unstable and unpredictable scheduling practices.<sup>74</sup> They include provisions ensuring that large employers give employees a minimum advance notice of their schedules and are compensated for late changes to their schedules or for having less than a minimum rest time between shifts;. The federal *Schedules That Work Act* parallels many of these other scheduling laws.<sup>75</sup> Such laws contain other key provisions, including:
  - **Access to Hours:** Requirements that large employers offer newly available work hours first to qualified, existing part-time workers before hiring new employees, temps, or subcontractors. Should covered employers instead hire new employees, contract, or temp workers first, they would have to compensate the existing employees.<sup>76</sup> The federal Part-Time Worker Bill of Rights Act also includes this provision.<sup>77</sup>
  - **Rights to Request:** Provisions that employees have a right to request flexible work arrangements or alterations to their work hours or schedule, without fear of retaliation or discrimination or discharge from their employer.<sup>78</sup>
  - **Part-time Parity:** Laws that ensure part-time and full-time workers are treated equally on pay rates and the accrual of benefits.<sup>79</sup> San Francisco’s Retail Workers Bill of Rights includes part-time parity and the new federal Part-Time Worker Bill of Rights Act would do the same.<sup>80</sup>
  - **ADVANCE MINIMUM HOURS PROVISIONS:** Ensure workers get scheduled for a certain minimum number (or “floor”) of hours, such as 24 or 30, to sustain their weekly earnings.<sup>81</sup> This will ensure that part-time workers whose hours are frequently cut are better able to cover basic expenses for themselves or their family. These policies can also prevent full-time jobs from being further sliced into part-time positions.<sup>82</sup> In the United States, such laws are still scarce, offered only for cleaning or maintenance jobs in large commercial buildings.

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74 See Julia Wolfe, Janelle Jones, and David Cooper, ‘Fair workweek’ laws help more than 1.8 million workers: Laws promote workplace flexibility and protect against unfair scheduling practices. Economic Policy Institute, Report, July 19, 2018. Also see: <https://nwlc-ciww49tixgw51bab.stackpathdns.com/wp-content/uploads/2019/10/Fair-Schedules-Factsheet-v2.pdf>

75 “Why We Need the Schedules That Work Act.” Center for Law and Social Policy, November 2019. [https://www.clasp.org/sites/default/files/publications/2019/11/2019\\_schedulesthatwork.pdf](https://www.clasp.org/sites/default/files/publications/2019/11/2019_schedulesthatwork.pdf)

76 <https://www.warren.senate.gov/newsroom/press-releases/senator-warren-and-representative-schakowsky-unveil-legislation-to-strengthen-part-time-workers-rights-as-holiday-shopping-season-begins>

77 <https://www.warren.senate.gov/newsroom/press-releases/senator-warren-and-representative-schakowsky-unveil-legislation-to-strengthen-part-time-workers-rights-as-holiday-shopping-season-begins>

78 “State and Local Laws Advancing Fair Work Schedules.” National Women’s Law Center, October 2019. <https://nwlc-ciww49tixgw51bab.stackpathdns.com/wp-content/uploads/2019/10/Fair-Schedules-Factsheet-v2.pdf>

79 Ibid.

80 <https://www.warren.senate.gov/imo/media/doc/Part-Time%20Worker%20Bill%20of%20Rights%20Act%20-%20One-Pager.pdf>

81 See: *Tackling Unstable and Unpredictable Work Schedules: A Policy Brief on Guaranteed Minimum Hours and Reporting Pay Policies*; (Center for Law and Social Policy, Retail Action Project, and Women Employed, 2014); Jon Messenger and Nikhil Ray. “The ‘deconstruction of part-time work’ 2015 [op cit]. Indeed, some private companies implement their own minimum, such as 24 hours per week at Costco.

82 Indeed, there is widespread support for a proposal to make part-timers eligible for overtime pay if their hours cross a threshold lower than 40 hours, such as at 35 per week [Cliff Zukin and Carl Van Horn. 2015. *A Tale of Two Workforces: The Benefits and Burdens of Working Part-time*. John J. Heldrich Center for Workforce Development, Bloustein School of Public Policy, Rutgers University, June.]



- INCREASE THE MINIMUM WAGE AND STRENGTHEN THE EQUAL PAY ACT:** Increasing the minimum wage to \$15 an hour, indexed to inflation, would strengthen the economic security of underemployed workers. Numerous states have modeled this approach in their policies, which the *federal Raise the Wage Act* also proposes.<sup>83</sup> The current federal minimum wage of \$7.25 has not kept pace with inflation. This decline in value requires employees to work even more hours to achieve a basic standard of living.<sup>84</sup> Furthermore, while the Equal Pay Act of 1963 made it illegal for employers to pay unequal wages based on gender, women continue to face a wage gap that threatens their economic security. This gap is particularly detrimental for low-wage, underemployed women, especially as more women become the primary or co-breadwinners in their families.<sup>85</sup> The *federal Paycheck Fairness Act* would help end this wage gap by closing loopholes and strengthening provisions of the Equal Pay Act, such as by protecting workers from retaliation for sharing wage information with their co-workers, limiting the use of wage histories in hiring and pay decisions, strengthening remedies to deter further pay discrimination and enhancing enforcement of the law.<sup>86</sup>
- STRENGTHEN COLLECTIVE BARGAINING AND CO-ENFORCEMENT STRUCTURES TO INCLUDE PART-TIME WORKERS:** Employers have many ways to improve part-time job quality in their workplaces. Strengthening and protecting workers’ union rights is critical to increase the quality of virtually all jobs. Letting workers and community groups help implement and enforce local labor standards can ensure these vital protections reach all workers, especially those with less voice and who are more vulnerable to being exploited—such as workers with low incomes, immigrants, and workers of color.
- EXPAND SHORT-TIME COMPENSATION (STC) PROGRAMS (WORK-SHARING):** Overseen by the U.S. Department of Labor, state unemployment insurance (UI) agencies usually administer Short-time Compensation (STC) benefit programs, also known as “work-sharing” programs. These programs are designed to avert layoffs in economic downturns, both curbing the severity of unemployment and harms of underemployment. Under current rules, if employers plan to shorten the workweeks for at least five employees, they can apply to use UI funds rather than laying off employees. Workers with reduced workweeks can become eligible for STC benefits to replace a portion of their lost earnings. While this does not prevent the initial reduction in workweeks, it is intended to be a short-term solution. It is arguably better than workers becoming part-time involuntarily without any compensation at all.<sup>87</sup> The program thus likely benefits both the employee and the employer in the longer run, with greater retention. Further, it benefits the overall economy by cushioning unemployment and drops in consumer spending, preventing a more severe downturn in the economy, region or industry. In the federal response to the economic crisis created by the COVID-19 pandemic, the federal government will fully reimburse states for their existing STC programs.

## 2. EXPAND AND UPDATE PUBLIC BENEFITS ELIGIBILITY WITHOUT WORK REPORTING

**RULES:** Pervasive underemployment increases workers’ and families’ need for programs that support basic necessities, such as cash assistance under Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), Medicaid, child care assistance, and unemployment insurance. These programs should not include arbitrary work reporting requirements, which deny people assistance when their work hours fall below a certain threshold. Such policies doubly penalize underemployed workers by denying them much needed assistance when they are unable to receive the hours they want. Policymakers can provide

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83 <https://www.epi.org/publication/why-america-needs-a-15-minimum-wage/>

84 David Cooper. “Raising the federal minimum wage to \$15 by 2024 would lift pay for nearly 40 million workers.” Economic Policy Institute, February 2019. <https://www.epi.org/publication/raising-the-federal-minimum-wage-to-15-by-2024-would-lift-pay-for-nearly-40-million-workers/>

85 Sarah Jane Glynn. “Breadwinning Mothers Continue To Be the U.S. Norm.” Center for American Progress, May 2019. <https://www.americanprogress.org/issues/women/reports/2019/05/10/469739/breadwinning-mothers-continue-u-s-norm/>

86 “How the Paycheck Fairness Act Will Strengthen The Equal Pay Act.” National Women’s Law Center, January 2019. <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2019/02/How-the-Paycheck-Fairness-Act-will-Strengthen-the-EPA.pdf>

87 Katharine G. Abraham and Susan N. Houseman. “Proposal 12: Encouraging work sharing to reduce unemployment.” *Policies to Address Poverty in America* (2014): 129; Dean Baker. “The Rollback of Worker Protections and the Culture of Long Hours Leave Our Economy More Vulnerable to the Next Recession.” (2019); Lonnie Golden and Stuart Glosser. “Work sharing as a potential policy tool for creating more and better employment: A review of the evidence.” In J.C. Messenger and N. Ghoseh, *Work Sharing during the Great Recession* (2013), 203–258. Cheltenham: Edward Elgar Publishing.

economic security for more working families by widening eligibility for these programs to include people facing barriers to working more hours.

**3. INCREASE ACCESS TO PAID LEAVE:** Twelve states and 23 jurisdictions have passed paid sick day laws to give workers job-protected sick time for short-term illnesses (generally at least five to seven days annually for full-time workers and prorated for part-time workers). Eight states and the District of Columbia have adopted paid family and medical leave laws (PFML), which provide paid leave to help workers recover from a serious illness, bond with a new child, or care for a seriously ill loved one. Since the PFML programs are structured as social insurance programs, they are portable benefits that are tied to the worker rather than the employer. Members of Congress have introduced federal legislation—the Healthy Families Act for paid sick days and the FAMILY Act for paid family and medical leave—modeled on these state laws. Workers risk losing essential income or even their jobs when they take time off to care for a sick loved one or to heal from their own illness. Among part-time private sector workers, only 43 percent have paid sick leave for short-term illnesses and only 8% have access to paid family <sup>88</sup> Paid leave is also critical during this COVID-19 health crisis since it prevents the spread of contagion while also keeping workers attached to their jobs.

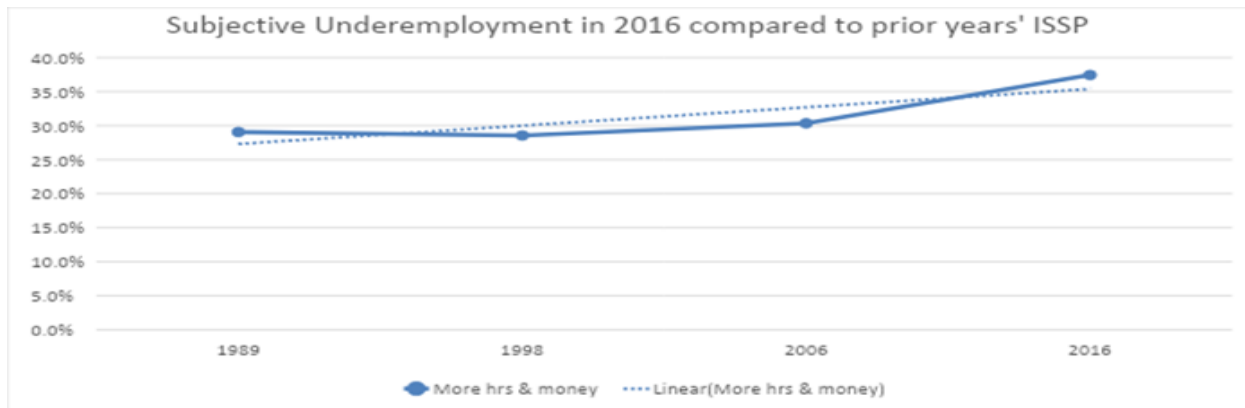
## IMPLICATIONS FOR FUTURE RESEARCH AND STUDY

This report has created a novel way to identify the true extent of underemployment—particularly among those employed part-time—which workers are more prone to experience it, and several of its key adverse consequences. Future research could drill deeper on all three of these fronts.

One area of research could continue exploring the implications of high part-time underemployment. For example, is there a direct association between the inability to get or find full-time hours with underlying structural changes in the economy, labor market, jobs and workplaces such as from job “fissuring” and domestic outsourcing? In other words, do such structural changes, either by suppressing wage rates and benefits or chronically providing inadequate hours, lead workers to constantly seek additional hours of work? In addition, what is the dynamic pattern of workers’ transitions into and out of being involuntarily part-time? How many wind up working full-time versus leaving the labor force, taking secondary work, or becoming voluntary part-time, i.e., adjusting to the hours they can get? How many come into involuntary part-time work from being unemployed or out of the labor force?

Further study is also needed on how underemployment impacts part-time workers’ health, and in particular, how disparate are its outcomes, particularly along the lines of race, ethnicity, gender and socioeconomic status. Some key questions include: What are some of the specific health effects associated with involuntarily working part-time, particularly if one is underemployed frequently, not just briefly? Do underemployed workers suffer poorer general health, missed workdays, illnesses, and mental health risks, including addictions? Do they have a generally lower emotional or life satisfaction? Which of these health impacts can be traced to their constrained hours, or lower rates of compensation, and more erratic hours and schedules? How has systemic racism further impacted the higher underemployment rates for Black and Latinx workers? How and why are the involuntary reasons for part-time work so much more detrimental than the voluntary reasons, and can we better distinguish these reasons? Finally, future research could consider why subjective underemployment is also so high, 36%, for full-time workers. Learning more about these and other causes and consequences might inform the policy changes that would be most effective at both preventing and mitigating the harms of underemployment and involuntary part-time work.

## APPENDIX A: THE UPWARD TREND LINE IN SUBJECTIVE UNDEREMPLOYMENT, FROM 1998 TO 2016



## APPENDIX B:

### METHODOLOGY—4 ALTERNATIVE WAYS TO MEASURE PART-TIME, FOR UNDEREMPLOYMENT

The first three measures combine the ways of finding part-time workers with the preference for more hours and income. They use the continuous “more hours” preference asked in Q11 of the ISSP Work Orientations survey, to form alternative measures of being both part-time and wanting more hours (i.e., underemployed) (PTU). The last measure uses the discrete preference for full-time employment among part-time workers for the purpose of capturing objective underemployment. When part-time is measured as “last year, status was usual part-time,” the rate of part-time (in 2016) was 19.9 percent. The proportion is a percentage point higher when one’s labor force status “last week” was part-time, and is another two percentage points higher still if measured as “number of hours worked last week (1-34 hours),” at over 22 percent.

- **WORKING 34 OR FEWER HOURS LAST WEEK, AND WANTS MORE HOURS AND INCOME (PTU1)** Using this conventional definition of part-time, simply inferring by the number of hours worked last week, as reported by all respondents in the GSS. The underemployment rate among just those working part-time hours is at 9.5 percent<sup>89</sup>
- **SELF-IDENTIFIED AS WORKING PART-TIME “LAST WEEK” AND WANTS MORE HOURS AND INCOME (PTU2)** A second measure is derived from the survey question asking whether one was working part-time or full-time last week, as asked in the GSS, not simply inferred from their number of hours per week. We find that it yields broadly similar results. Overall, 8.2 percent is the underemployment rate for part-time workers, under the 9.5 percent figure, PTU1, which infers part-time status by their last week’s hours.
- **SELF-REPORTED USUALLY WORKS PART-TIME AND WANTS MORE HOURS AND INCOME (PTU3)** A third measure uses the case where the respondent reports “usually” working a part-time job, in the GSS, as opposed to being part-time in the most recent week. The level of part-timer underemployment (using the “more hours” response) is similar, at 8 percent.<sup>90</sup>
- **HAVING A PART-TIME JOB USUALLY AND WANTING A FULL-TIME JOB (PTU4)** This final measure uses the ISSP question (Q9), “Given your current situation, which job would you prefer?” A full-time job (defined as 30 or more hours per week); A part-time job, with hours between 10 and 30; a part-time job with less than 10 hour per week. This is the purely “objective” measure – those reporting “usually” working part-time but wanting a full-time job. This yields the highest part-timer underemployment estimate, at 11 percent.<sup>91</sup>

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89 See: <https://www.bls.gov/lau/stalt.htm>. By asking individuals their “usual hours,” BLS defines them as “usually part-time” if their reported “usual hours” are 34 or fewer per week, then following up by asking a series of questions regarding their availability and willingness to work 35 or more (Golden *op cit* 2016)

90 A separate, not used measure yields a similar range of estimates (available upon request) — those who are self-identified as “usually working part-time,” who “want more hours.” This measure yields virtually the same levels and distribution patterns. Overall it is about 8 percent, but it is almost 20 percent for the lower income workers and households, and 10 percent for hourly versus 2.5 percent for salaried workers. Underemployment is more than double the average in service occupations, in transportation, and education/health service industries.

91 An additional “objective” measure was constructed (using ISSP Q9), asking about last week’s working hours, and wants a full time job (defined as greater than 30 hours, and provides respondents an intermediate option of last week working or wanting 10 or fewer hours). The rates are more similar to the previous measures at 8 percent . Broken down, it reflects a combination of 6.8 percent of workers with 29 or fewer hours wanting 30 or more hours, plus 1.2 percent of workers having fewer than 10 but wanting 10 to 29 hours per week. While small, the category of 10-29 hours is more common among women, married workers, people without children, whites, those age 65 and older in the workforce, and the salaried more than those paid hourly.

# APPENDIX C:

## MULTIPLE JOB HOLDING AND “ADAPTIVE UNDEREMPLOYMENT”

Underemployed part-time workers might have an option of seeking secondary or multiple jobs in order to supplement their income, given the shortfall from their primary job, i.e., to “adapt.” Indeed, they might still fall short of their targeted income. If their weekly hours become 35 or more, measures may well be under-estimating the true extent of underemployment, in addition to masking when workers adapt to the income-constraints posed by their primary job. One estimate is that 15 percent of workers used labor services to get additional income.<sup>92</sup> We apply the ISSP question, “Over the past 12 months, in addition to your main job, have you done any other work for pay?”

However, not all multiple jobholders are necessarily working more to address an income gap. It might be to hedge against future anticipated income loss or increased expenses. Sometimes additional jobs are taken just to diversify tasks or for skills development. Thus, a lower-bound estimate of adaptive underemployment would include only those part-timers with more than one job who no longer seek more hours of work, presumably having reached their desired hours (or income). In the sample, 14 percent of workers held more than one job over “all” or “most” of the prior 12 month period. Adding those who were working multiple jobs over at least “some” of that time period, this proportion rises to as high as 31 percent. Thus, as many as 3 in 10 workers are not getting their needs, including financial, met through their main jobs.

~~From Table 5, about 17 percent can be considered “adapted” part-time workers, that is, people working two jobs in order to get the work hours they prefer. Another 16 percent of workers held two or more jobs and are still hungry for more hours, thus they are only partly “adapted.” Thus, one third of those working part-time with at least one additional job still want more hours. Clearly, holding multiple jobs is an important coping mechanism that many part-time workers use to make up for being underemployed at their primary job. But this strategy cannot fully resolve their underemployment.~~

~~Table 6 shows that among the 40 percent of part-time workers who are part-time underemployed, about two of five of them already have at least two jobs. By implication, 60 percent of underemployed part-timers seem to resolve their underemployment at their primary job by taking on extra work or jobs. They are thus the “masked” (“hidden”) underemployed. Moreover, quite a high percentage of people with multiple jobs are still underemployed, wanting even more work hours.~~

Table 5: Did you work multiple jobs in the past year, ISSP 2016	n	Percent
yes, during all of that period	79	9.0
yes, during most of that period	41	4.7
yes, during some of that period	150	17.1
no	608	69.2
<b>Total</b>	<b>878</b>	<b>100.0</b>

Table 6: Part-time working with one job vs. multiple jobs	N	Percent
Voluntary PT & 1 job	85	43.6
Involuntary PT & 1job	45	23.1
Voluntary PT & 2+ jobs	33	16.9
Involuntary PT & 2+jobs	32	16.4

92 Survey of Household Economic Dynamics (FRB,2018), asked in May 2017.



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# WORKER STORIES FOR TEXT BOXES IN THE PAPER:

## STORY # 1: MENDY'S STORY (FULL STORY IN TEXT BOX)

“ My name is Mendy, and I live in Muskgrove, Arkansas. I've been a cashier at Walmart for 10 years and am the single parent of four boys. I love my job, but I live paycheck to paycheck making \$11.39 an hour. After paying bills I have very little left for groceries and other basic needs for my family.

Although I've asked for full-time status, management says that cashiers aren't allowed to work full time. But I know this isn't a company-wide policy. I have applied for multiple positions including supervisory roles to have a full-time job, but I've been passed over by people with less seniority and experience.

I'm considered a part-time employee, but I have extensive availability so most weeks I end up working 34 -36 hours and sometimes get less. Because I'm part time, I don't have access to benefits such as dental, vision, short/long term disability. I'm lucky to be on Medicaid because I wouldn't be able to afford Walmart's health insurance for my children.

One of my biggest concerns is the quality of time I'm spending with my children. Not only do I not have full-time status, but management changes my schedule often. One of my sons has regular counseling for his ADHD, and if I had more access to PTO and a more stable schedule, I could make every session.

It is overwhelming and stressful to be part time and not knowing the amount of my paycheck week to week. Single mothers like me deserve both a living wage and full 40-hour week. That's why I've joined with other leaders and United for Respect to tell our elected representatives to do the right thing and stand up for working families. ”

## STORY #2: MELISSA'S STORY (THESE CAN BE USED FOR 1-2 SHORT PULL OUT QUOTES)

### MELISSA LONG, A RETAIL WORKER WHO LIVES IN LONG BEACH, CALIFORNIA WITH HER FATHER. HER INCOME SUPPORTS BOTH OF THEM:

“

- *I am currently receiving 16-23 hours a week, so roughly 2-3 days of work. But it varies. Sometimes I get a little more hours during the holidays or when they need people, but other times I get very few hours. I feel depressed just sitting at home and not doing anything. I think a lot about what I could be doing trying to make money. I don't see my days off as being vacation. People tell me I'm lucky to have days off, but they don't understand that I'm just trying to work and earn money. It's stressful knowing I won't have a good paycheck because this impacts my ability to pay for simple things like utilities, food, and rent.*
- *I rely on my hours to pay for rent, food, and school expenses. It has gotten to the point that I had to sell my laptop and other personal items just to pay the bills.*

”