Part-time Employment Trends: An Update

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The Connecticut Economic Digest last tackled the topic of part-time employment in 1997. Therein it asked “are these newly created jobs mostly part-time (1 to 34 hours), with relatively low paying wages?”1 The tepid post-recession recovery we are currently experiencing has many people asking those same questions again. Fortunately, data availability has improved since the 1990s and this article will highlight state-level measures of earnings and hours worked to help answer those questions about the Connecticut economy.

Long-term Trends In Connecticut
Part-time employment is all employment that amounts to less than 35 hours per week.2 Since 1997 it has averaged about 20 percent of total employment in Connecticut and troughed in 2000 at 18.6 percent. In recent years it has gradually trended upward and was 22.2 percent of employment in 2012, the most recent year of annual average data as is shown in Figure 1.

Connecticut Compared to Other Regions
Part-time was 23.3% of all New England employment in 2012, higher than any other census division in the country. The other eight census divisions averaged 19.3% with the West-South Central division lowest at 16.4%. Connecticut’s part-time

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1. Economic Digest, May 1997
2. Economic Digest, May 2014

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Fig. 1 Part-time Share of Total CT Employment
The Connecticut Economic Digest is the lowest in New England but much greater than our tri-state neighbors, which have employment shares respectively of 17.6% (New York) and 17.9% (New Jersey). Figure 2 shows the part-time share of total employment of Connecticut and the four U.S. census regions (divisions are sub-sets of census regions). The Northeast region’s comparatively low percent share is driven by its non-New England component states of New York, New Jersey, and Pennsylvania (20.1% part-time in 2012). Of all regions, the West had the largest percent increase in part-time employment, up 14.5% from 2008-2012.

Reason for Part-time Work
There are two distinct classifications of part-time workers, those who work part-time for economic and non-economic reasons. Part-time workers for economic reasons, also called ‘involuntary part-time’ are people that want full-time work but state economic reasons for working under 35 hours a week. Economic reasons can be unfavorable business conditions or inability to find full-time work. Economic reasons for part-time employment increase cyclically during economic downturns, but a vast majority of part-time employment is driven by noneconomic reasons. Examples of noneconomic part-time work include medical limitations, childcare or family obligations and enrollment in school or training programs. Voluntary reasons as a percent of part-time employment peaked during the height of the tech bubble in 2000, when it was 94 percent of all part-time employment. Figures 3 and 4 shows the increasing share of involuntary part-time employment through 2012 and also the total amount of part time employment in Connecticut.

Indexing the data found in Figure 4 helps show percent change of the annual data and is shown in Figure 5. In 2009, voluntary part-time employment was 268,000 workers, involuntary for slack business conditions was 47,000 and can only find part-time work amounted to 24,000 workers in Connecticut. The pronounced increase in ‘can only find part-time’ from 2009 rose 37.5 percent to a peak of 33,000 workers in 2011, this jump corresponds with increases experienced by the U.S. economy overall. Since that peak it has decreased by 2,000 workers as of 2012.

Part-time By Gender
Examining part-time

![Fig. 2 Part-time Share of Total Employment By Census Region](image_url)

<table>
<thead>
<tr>
<th>Census Region</th>
<th>2008</th>
<th>2010</th>
<th>2012</th>
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<td>Connecticut</td>
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<tr>
<td>West</td>
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Source: CPS
employment without examining it by available demographic characteristics doesn’t provide a complete picture of the labor market. Breaking the data down by gender shows the significant differences in labor market participation and preferences. A majority of part-time employment is female. During the 15 years of available data, annual average female part-time employment in Connecticut ranged between 81.2 and 57.6 percent of total part-time employment, and had averaged 69 percent.

In 2012, part-time employment in Connecticut numbered 383,000 and 69.5 percent (266,000) was female. This statewide share is among the highest in the country, which had a 50-state average of 64 percent. Closer to home, the Northeast and New England census areas had part-time female employment shares of 65.5 and 67.1 percent.

As overall part-time status by gender has noticeable variance, the voluntary status of part-time employment can help explain if working less than 35 hours is the result of economic conditions (involuntary part-time) or a life choice (voluntary part-time). In 2012, voluntary part-time employment in Connecticut was 76.4 percent of all part-time employment, in line with the 50-state average of 76.8 percent. South Dakota had the largest share of voluntary part-time employment with 90.4 percent and Nevada had the lowest, 60.8 percent. By gender, it is not surprising that voluntary part-time employment is characteristically higher for females, as their most-cited reasons for part-time work include school enrollment and
childcare or family obligations. Males cite slack working conditions (categorized as involuntary) and school enrollment as primary reasons for part-time employment. In 2012, 80.0 percent of female part-time work in Connecticut was voluntary whereas 69.1 percent of male part-time employment was voluntary.

Figure 6 exhibits the shifts in voluntary part-time employment by gender from the late 1990s through 2012, and shows two cyclical peaks followed by a steady decline (indicating a rise in involuntary part-time work) during the recession and post-recession period.

CES Analysis

The Current Employment Statistics (CES) data program makes earnings and hours worked data available by industry sector for state and substate areas from 2007 onward. While this data doesn’t directly show an industry breakdown of part-time and full-time employment, examining employment by average weekly earnings and hours worked can help show how certain industries have responded to the recession and recovery. The relationship between hours worked and employment appears to be largely positive, though from 2012-13 you can see hours worked decline from 34 to 33.6 amid employment increases.

Average weekly earnings exhibits much more volatility during the five years of data, due in large part to varied industry employment changes and their effect on overall averages. Unlike the negative relationship between employment and hours worked from 2012-13, average weekly earnings and weekly hours both trended downward during 2013. Further examination by industry helps explain what areas of the economy have driven the trends shown in total private employment.

Industry Analysis

The ten available industry sectors exhibit varied relationship between the three employment measures. The industry sectors are broken down into two major groupings: goods producing and private service providing. The two groupings have behaved quite differently in recent years. Total private service providing industries have a much lower average hourly workweek, averaging between 32 and 33 hours per week from 2007 on, while goods producing averaged 39.7 hours per week in 2013.

The industries with the lowest average weekly hours worked are leisure and hospitality, other services, and education and health services. In 2013, these industries averaged 25.8, 30.9, and 31.2 work hours per week. Two of these industries (education/health and leisure/hospitality) have increased employment in recent years. Education is up 19,500 since 2009 and has seen hours worked increase from 30.5 to 31.2 hours per week, while average wages for that industry fell 3.4% in the past year. The reason for that decrease cannot be pinpointed due to limits in the CES data, but the possible reasons include cuts to overtime of existing workers, new hires starting below industry

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average wages, or other labor shifts.

Leisure and hospitality is another large employment sector in Connecticut, and though it has increased employment like education, its weekly average data differs from the trends that education/health exhibits. Leisure and hospitality has average weekly hours worked significantly lower than education/health or that of the rest of the private service providing sector of the economy. Average weekly hours for leisure fell from 27.6 hours per week in 2007 to 26.2 in 2010, after a slight rebound in 2011 they have continued downward to 25.8 hours per week as of 2013. During this decline total employment increased and average weekly earnings fell slightly from $422 in 2007 to $392.93 in 2013.

The goods producing supersector has exhibited a gradual employment decline from 1997 onward. Goods producing average weekly earnings have stayed above $1,100 per week, rising from 2009 on. The average hours worked showed a significant drop from 2008-09, falling 2.2 hours to 38.1 per week, though still high compared to other industry sectors and well above the 35-hour part-time threshold. In recent years goods producing employment growth since 2010 has been relatively flat, while average hours worked has increased to a weekly average of 39.7 hours by 2013 with average earnings rising in concert with increasing hours. Construction and manufacturing make up a majority of goods producing employment. Of these two industries, construction (after a sharp cut to hours during the recession) has increased above 2007 levels and was 38.3 hours per week in 2013.

Conclusions

Examining part-time employment at state levels is limited by data availability. The CPS dataset examined in this article has only statewide data and does not have industry data on part-time employment, but it does offer useful breakdowns of reasons for part-time employment and other demographic data. This shows that a majority of part-time employment in Connecticut is due to voluntary reasons, and not a result of prevailing economic conditions. The breakdown of hours worked shows that Connecticut has less under 35 hours per week employment than other New England states but more than the Northeast region overall. The examination of industry data available since 2007 shows that manufacturing in Connecticut has increasing workweeks and rising earnings while private service providing has added tens of thousands of jobs to the economy with only slight decreases in overall average hours worked and average earnings, though this trend is not indicative of all component industries in that sector.

2 BLS definition of part time work.

### GENERAL ECONOMIC INDICATORS

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<tr>
<th>(Seasonally adjusted)</th>
<th>4Q 2013</th>
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<td>MAR 2013</td>
<td>FEB 2014</td>
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<td>4.56</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Sources: *The Connecticut Economy, University of Connecticut **Farmington Bank ***Federal Reserve Bank of Philadelphia

The Connecticut Economy's General Drift Indicators are composite measures of the four-quarter change in three coincident (Connecticut Manufacturing Production Index, nonfarm employment, and real personal income) and four leading (housing permits, manufacturing average weekly hours, Hartford help-wanted advertising, and initial unemployment claims) economic variables, and are indexed so 1986 = 100.

The Farmington Bank Business Barometer is a measure of overall economic growth in the state of Connecticut that is derived from non-manufacturing employment, real disposable personal income, and manufacturing production.

The Philadelphia Fed’s Coincident Index summarizes current economic condition by using four coincident variables: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average).