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Employment and Wages of Part-Time

Workers in Pennsylvania and the

United States, 1979–1996

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Briefing Paper 98/2

EMPLOYMENT AND WAGES OF PART-TIME WORKERS IN PENNSYLVANIA AND THE UNITED STATES, 1979-1996

For many decades Americans have considered a long-term, full-time job with a single employer the “standard” employment arrangement. But “nonstandard” work arrangements (e.g., part-time, temporary, and fixed-term contract employment) have been growing. Expanding non-standard employment is one reason many Americans are anxious about their economic prospects. Nonstandard work typically pays lower wages and offers fewer employee benefits than standard work. While many standard work arrangements offer employment security and predictable opportunities for economic advancement (although less so today than in the past), nonstandard arrangements often do not.

Part-time work (defined by the U.S. Bureau of Labor Statistics as work for less than 35 hours per week) is by far the most widespread kind of nonstandard work, and the kind for which the best measures exist of growth over time. Part-time work is not always a problem; many

workers prefer a part-time schedule which gives them time for education, leisure, or family responsibilities. Nevertheless, large numbers of part-timers would prefer to work full time.

The tables in this briefing paper, and Figures 1 and 2, show that:

- part-time jobs pay lower wages than full-time jobs;
- part-time work has also become more common during the last two decades, both in Pennsylvania and throughout the nation;
- **part-time work is now more prevalent in Pennsylvania than in the nation as a whole (while the reverse was true two decades ago); and**
- **the gap between part-time and full-time wages is larger in Pennsylvania than in the nation as a whole.**

Figure 1: Part-time Work Expands Faster in Pennsylvania than the United States

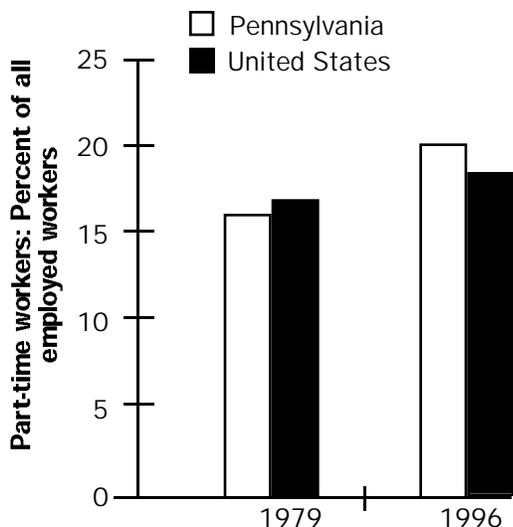
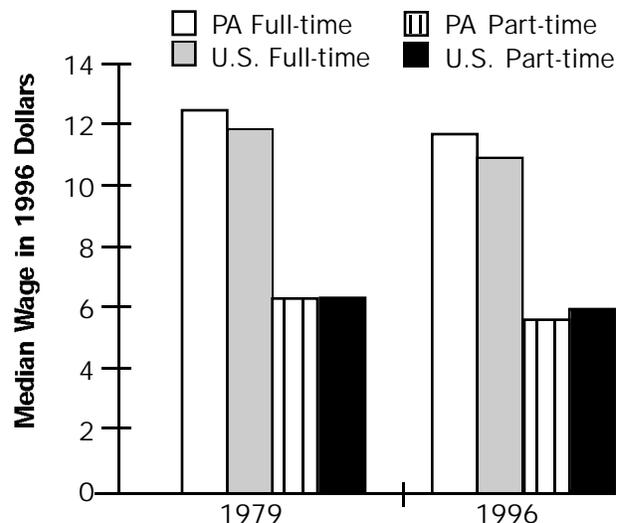


Figure 2: Part-time Workers' Now Earn Less in Pennsylvania than the United States (While Full-time Workers Earn More)



The Growth of Part-time Employment in Pennsylvania and the United States

The data in this briefing paper come from the monthly Current Population Surveys for 1979, 1989, and 1996. Wages are adjusted for inflation and expressed in 1996 dollars (i.e., the buying power of wages at 1996 prices) using the CPI-U-X1, a consumer price index published by the U.S. Bureau of Labor Statistics.

- Part-time employment, as a share of all employment, increased during both the 1980s and the 1990s in the United States (Table 1).
- Between 1979 and 1996, Pennsylvania's part-time share grew faster than that of the U.S. as a whole (Table 2). Most of this growth in part-time work in the Commonwealth occurred during the 1980s.
- **Part-time workers made up a slightly smaller share of Pennsylvania employment than of U.S. employment in 1979. In 1989 and 1996, they made up a slightly larger share in Pennsylvania than in the United States.**

**Table 1:
Part-time workers in the United States, 1979-96**

Year	Number of part-time workers	Percent of all employed workers
1979	15,091,769	17.3%
1989	18,869,984	18.2%
1996	21,280,588	19.1%

**Table 2:
Part-time workers in Pennsylvania, 1979-96¹**

Year	Number of part-time workers	Percent of all employed workers
1979	731,919	16.1%
1989	1,017,542	20.0%
1996	1,035,944	20.8%

Wages and Benefits of Part-Time and Full-Time Workers

- In both Pennsylvania and the United States, both part-time and full-time workers' inflation-adjusted wages fell between 1979 and 1996 (Tables 3 and 4).
- Between 1979 and 1996, full-time workers' wages fell by a slightly larger percentage in the United States than in Pennsylvania, but part-time workers' wages fell by a larger percentage in Pennsylvania than in the United States.
- **In 1996, part-time workers in Pennsylvania earned 50% less per hour than full-time workers; the corresponding wage gap was smaller (44%) for the United States.**
- These wage gaps are not adjusted for age, race, sex, or education. However, even if one takes account of differences in the educational attainment and demographics of part-time workers, there is still a

substantial gap between the wages of full- and part-time workers. In 1996, part-timers in Pennsylvania earned 36% less than full-timers of the same age, race, sex, and educational level; the corresponding wage gap was, once again, smaller (33%) for the United States (Table 5).

Data on benefits over time and by state are not as good as data on wages. The most recent national data show that:

- part-timers receive significantly fewer benefits than full-timers;
- in 1993, 63 percent of full-time workers in the United States worked for employers that sponsored pension plans, as compared with only 37 percent of part-time workers;
- half of all full-timers, but only 12 percent of part-timers, were actually covered by employer-sponsored pension plans;
- 80 percent of full-timers, but only 47 percent of part-timers, worked for employers that provided health plans; and
- 26 percent of part-time workers (as compared with only 15 percent of full-timers) had no health insurance at all (other than Medicare or Medicaid).³

**Table 3:
Median wages of full-time and part-time workers in Pennsylvania, 1979-96
(in 1996 dollars)**

Year	Full-Time Workers	Part-Time Workers	Percent by which part-time median wage is lower than full-time median wage
1979	\$ 12.46	\$ 6.57	-47%
1989	\$ 11.70	\$ 6.33	-46%
1996	\$ 11.90	\$ 6.00	-50%

**Table 4:
Median Wages of full-time and part-time workers in the United States, 1979-96
(in 1996 dollars)**

Year	Full-Time Workers	Part-Time Workers	Percent by which part-time median wage is lower than full-time median wages
1979	\$ 12.08	\$ 6.57	-46%
1989	\$ 11.86	\$ 6.33	-47%
1996	\$ 11.25	\$ 6.25	-44%

**Table 5:
Percent by which part-time wage is lower than full-time wage in Pennsylvania and the United States, for workers of same age, race, sex, and educational level, 1979-96²**

Year	Pennsylvania	United States
1979	-35%	-31%
1989	-37%	-37%
1996	-36%	-33%

Why Has Part-time Employment Grown?

Why has part-time work been expanding? Part of the explanation is the shift of employment from goods-producing industries (agriculture, mining and other resource-extractive industries, construction, and manufacturing). In both Pennsylvania and the nation as a whole, nearly all workers in goods-producing industries work full-time, but a large minority of service sector workers work part-time (Tables 6 and 7). Factories often have a more-or-less constant flow of work, which can be divided up to create either full-time or part-time jobs. But service establishments tend to adjust their staffing levels to match customer demand, which often varies by time of day; the result may be many part-time jobs. (For example, fast-food restaurants have more people working during the busy lunch and dinner hours than at other times of the day.)

The shift to services accounts for more than three-quarters of the rise in part-time employment in the United States as a whole but for only about half of the growth of part-time work in Pennsylvania.

- If the same percentage of Pennsylvania workers were employed in goods-producing industries in 1996 as in 1979, then the percentage of Pennsylvania workers who were employed part-time would have increased from 16.1 percent in 1979 to only 18.4 percent in 1996. The actual share of workers in part-time employment rose to 20.8 percent in 1996.
- If the same percentage of U.S. workers were employed in goods-producing industries in 1996 as in 1979, then the percentage of American workers who were employed part-time would have increased from 17.3 percent in 1979 to only 17.7 percent. This 17.7 percent compares with the actual figure of 19.1 percent in 1996.⁴

- Within both goods- and service-producing industries, the part-time share of employment expanded substantially in Pennsylvania between 1979 and 1996. In the United States as a whole during the same period, part-time employment grew more modestly in goods-producing industries but remained virtually unchanged in the service sector.

Table 6:
Part-time workers in goods- and service-producing industries, United States, 1979-96
(as a percent of all employed workers in each sector)

Year	Goods Industries	Service Industries
1979	5.5%	23.2%
1989	5.9%	23.0%
1996	6.9%	23.1%

Table 7: Part-time workers in goods- and service-producing industries, Pennsylvania, 1979-96 (as a percent of all employed workers in each sector)

Year	Goods Industries	Service Industries
1979	4.4%	23.3%
1989	6.0%	26.0%
1996	6.2%	25.9%

Although some workers prefer to work part-time, this preference has played a secondary role in the expansion of part-time employment. Between 1973 and 1993, virtually all of the growth of part-time work in the U.S. came from an increase in involuntary part-time employment.

This indicates that the increase in part-time jobs during that time was mostly due to the preferences of employers rather than those of workers. Although the share of involuntary part-time employment fell between 1993 and 1995, it was still higher in 1995 than in 1973.⁵

Policy Implications

The evidence suggests that much of the expansion of part-time employment reflects the spread of business strategies that focus on keeping labor costs low. Businesses that compete in this way have an incentive to hire part-timers instead of full-time workers because part-time workers earn so much less.

Because some employers (especially in the service sector) face fluctuating consumer demand, and because some workers would rather work part-time, public policy *should not* try to eliminate all part-time work. Policy *should*

discourage the expansion of part-time employment simply as a means to slashing wages and benefits—which does not raise productivity or strengthen the state economy. Policy should aim to ensure that part-timers' wages, benefits, employment security, and advancement opportunities are as good as those offered to full-timers who do equivalent work for the same employer. Policy should also facilitate movement into full-time employment for part-timers who want full-time work.

Footnotes

1. All data in the tables are from the U.S. Bureau of Labor Statistics' Current Population Survey. They include employed workers age 16 and older. A worker who works 35 or more hours per week on his or her main job is considered "full-time"; one who works less than 35 hours per week on his or her main job is considered "part-time." Because the Current Population Survey was changed in 1994 in a way that appears to yield a higher number of part-time workers than earlier versions of the survey, comparisons between 1996 and earlier years should be made with caution.
2. Full-time/part-time wage gaps adjusted for age, race, sex, and education are based on a regression analysis by the Keystone Research Center using Current Population Survey data.
3. Lawrence Mishel, Jared Bernstein, and John Schmitt, *The State of Working America 1996-97*, Economic Policy Institute Series (Armonk, NY: M.E. Sharpe, 1997), pp. 258-259. As the authors point out, differences in pension and health insurance coverage are due in part to demographic and other differences between full- and part-time workers, but they are also due in part to the fact that employers are less likely to offer these benefits to part-timers than to full-timers.
4. In 1979, 61.9 percent of Pennsylvania workers and 66.6 percent of all American workers were employed in the service sector, compared with 73.9 percent of Pennsylvanians and 75.0 percent of all Americans in 1996.
5. Mishel, Bernstein, and Schmitt, *The State of Working America 1996-97*, pp. 255-257.